General Insurance, Reinsurance And Risk Management Glossary

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General Insurance, Reinsurance And Risk Management Glossary

This is just a beginning……

The "General Insurance, Reinsurance, And Risk Management Glossary" to your hands is a First ever Individual attempt to compile accurate and authoritative, yet simplistic and understandable, meaning of more than 7,500 most commonly used words, terms, concepts and abbreviations used in General Insurance, Reinsurance and Risk Management sectors undergoing fastest changing development process due to introduction and adoption of new Policies….. Ways of Coverage….. Legal Systems…….Marketing Technologies …..

I have gone to the heart of the latest principles, practices and interpretations keeping in view the dynamism, imaginativeness of flexibility yet simplistic clarity of expression and emphasis on explaining as well as defining by the need to maintain a high level of technical information and accuracy for understanding of meaning and thereby making it an invaluable and wonderful resource for Non-Specialist Reader, Insurance Personnel, Surveyors and other Claims Specialists, , Advocates, Insurance Consultants, Financial and Legal Consultants, Agents, Brokers, Risk Managers, Loss Control Managers, Insurance Authorities, CEOs and other Corporate Managers, Institutions, Corporate or School, College, University and other Libraries…..

The compilation though not encyclopedic is set in alphabetical sequence, though, I have taken some liberties to put together definitions / meaning of words used in or for a particular branch, class, segment or subject such as Acts, Aviation, Bond, Burglary, Fire, Engineering, Guarantee, Health, Incoterms, Liability, Marine, Motor, Personal Accident, Reinsurance, Risk Management, Lloyd's under that particular word. As for effort is made to provide various types of policies, add-ons and other definitions being used under head "Motor" to help you gain a quick reference point. At places terms or words having same or similar meaning are cross referenced properly. This Glossary is the amassed thought and experience of innumerable minds I am pleased to acknowledge and am grateful to various learned Authors and Insurance and Risk Management Institutions whose basic Studies and Text Books, Glossaries, Dictionaries, Policies, Prospectus, Proposal and Claim Forms have been looked into. My acknowledge with gratitude and thanks the information that I might have used from the resources of all these Learned Authors, Authorities and Institutions. As a human being I must have overlooked a number of words or definitions. You may also find a few other shortcomings. Concept of change is only constant in the fast changing life that we all are living in and as such I seek your esteemed learned and most valuable suggestions / comments / constructive criticism for improvement….

Who to acknowledge…….. For about 18 months whilst I was engaged in compilation of this Terminology I literally and mentally remained away from my family and home. A debt….. Gratitude….. Love to my life and my wife Asha, my dearest son Saral Ray, lovely daughter in law Sapna and cute and the blessed Grandson Kiash who all cheerfully bore a curtailment of usual activities to permit me to concentrate on this Project.

Yesss…… Journey of a thousand miles starts but with a single step…

My first step….. For you only Beloved Reader… For you…..

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A

Abandonment : The act of intentional, voluntary surrendering to the insurer all rights and interests in the subject matter insured. It is generally conceded that damaged property cannot be abandoned to the insurer, one notable exception to this general rule occurs in ocean marine where because of the cost of salvaging and recovery of that property or of protecting that right would be greater than its value once recovered or protected and as such abandonment is merely one step in proving a loss.

Abandonment Clause : A clause in fire insurance policies and other property insurance policies which prohibits the inured from abandoning partially damaged property to the insurer in order to claim a total loss.

Abandonment of Events : Insurance : Abandonment / Cancellation of Events like matches including cricket matches, fairs and exhibitions Insurance policy provices cover for loss of only irrecoverable expenses/loss of revenue which will be lost to insured if event / exhibition / match is cancelled/abandoned due to Perils covered: such as Fire, Lightning, Explosion, Earthquake, Storm, Cyclone, Typhoon, Tempest, Hurricane, Tornado, Flood, Inundation, Rain, Riot. Strike, Civil Commotion, Malicious Damage, and Terrorist Act as defined in RSMDT clause. For insurance of properties like furniture, Tents, Stalls etc. for which insured are responsible or are owned by them, cover under fire policy may be given. For cover to visitors/spectators to the event against death/injury separate public liability cover may be given. No liability will however attach under this policy in the circumstances as mentioned in Policy such as :

A) Once a ball is bowled in the event / once the exhibition is inaugurated'
B) If one or more of the teams refuse or are not in a position to participate in the event.
C) If the Insured cancels/ abandons the event on their own.
D) The postponement of the event to a later date or different venue shall not be treated as a cancellation and/or abandonment of the event and therefore there shall be no claim under the policy.
E) Inability of the insured event to take palace as a result of Government's directive.

Abatement : The refund of duties on damaged imported goods. The goods may be damaged during importation or in a bonded warehouse. The diminution or the entire doing away of anything, as the abatement of taxes.

Abduction : To kidnap a person.

ABI : Automated Brokerage Interface. A system available to U.S. Customs Brokers with the computer capabilities and customs certification to transmit and exchange customs entries and other information, facilitating prompt release of imported cargo.

Abinitio : From the very beginning.

Ablaze : The burning gas of a Fire, seen as flickering light; blaze (ii) a tongue of light rising form a Fire (iii) a thing burning like a flame.

Abnormal Risk : An insurance having some unfavorable feature in comparison with the average.

Aboard : On board; on, in, or into a ship, aero plane etc.

Abridgment : To reduce in scope, coverage, extent etc.

Abrogation : To cancel or repeal by authority.

Abscond : To run away and hide, especially in order to escape the law.

Absolute Assignment : An absolute and unqualified assent to all the terms of an offer to form a contract.

Absolute Assignment : Refer : "Assignment, Absolute."

Absolute Beneficiary : A beneficiary who cannot be changed without his consent.

Absolute Liability : A legal doctrine under which one can be held liable even in the absence of negligence having been proven, as in the case of worker's compensation. Refer : "Liability, Absolute."

Absolute Ownership : Absolute ownership exists where the interest or explicit right or possession of the insured is so free from limitations, qualifications or restrictions that it cannot be taken from him without his consent.

Absolve : To pronounce free from guilt or blame.

Absorb : To take in and incorporate, absorbing of costs to claims, absorbing of the loading of premium to the basic rate and thus quoting the net amount arrived at rate etc.

Abstainers Insurance : The insurance of total abstainers from alcoholic liquids on terms, in health and motor insurance, more favorable than those available to the public general.

Abstract of Title : A summary of all conveyances such as deeds or wills, and legal proceedings giving the names of the parties, the description of the land, and the agreement arranged to show the continuity of ownership.

Accelerant : A substance used to speed and spread destruction by fire and make extinguishment more difficult. Common accelerants are gasoline, kerosene and barbecue lighter fluid.

Acceptance Absolute : The unqualified assent to all the terms of an offer to form a contract.

Acceptance Conditional : Acceptance of a proposal, a risk conditionally.

Acceptance: The reception of something by another with the intention of retainment as indicated by the action of the receiver. In the case of a contract, acceptance indicates and implies agreement to terms and propositions as well as proposal by which a contract is made and they various parties of the contract bound. Also, a time draft or bill of exchange which the drawee has accepted and is unconditionally obligated to pay at maturity. Drawee's act on receiving a draft and thus entering into the obligation to pay its value at maturity. An agreement to purchase goods under specified terms.

Accepted Value : A value on property insured that is accepted by the insurer as its true value and is not therefore disputable in the absence of proof of fraud on the part of the insured.

Accession : The process whereby property which belongs to one person becomes the property of another by reason of its being added to or incorporated with the property of the latter.

Accessory, Motor : Generally those parts which are Directly supplied by the manufacturer along with the car, but which are not essential for the running of a motor car, are considered as accessories.

Accident : Unplanned injurious or damaging event which interrupts the normal progress of an activity. An accident may be seen as resulting from a failure to identify a hazard or from some inadequacy in an existing system of hazard controls. Refer "Disease," "Incident," and "Occurrence."

Accident Basis : A concept of policy coverage that applies to claims arising from accidents that take place during the term of the policy; distinguished from claims made basis, occurrence basis.

Accident Costs : The total costs of accidents which includes those not insurable as well as those that are insurable. Large non-insurable costs provide a strong motivation for loss control.

Accident Frequency : The rate of occurrence of accidents, often expressed in terms of the number of accidents over a period of time. It is one method used for measuring the effectiveness of loss prevention services.

Accident Insurance : Insurance of persons, property or liability against injury, loss or damage other than that covered by life, fire or marine insurance.

Accident Prevention Services like engineering and inspection work done by an insurance company or an independent organization with the aim of removing or reducing dangerous conditions in order to prevent losses.

Accident Rate : Accident experience in relation to a base unit of measure, such as with motor vehicle rail / road and aircraft accidents : e.g., number of accidents compared with miles operated or passengers carried 'number of deaths per 1,00,00,000 miles travelled' and the like. Occupational accident experience may be expressed in the number of accidents per 1,00,000 employee-days worked, per 100 employees or employee-years (200 working days) although an injury rate is more commonly used.

Accident Severity : A measure of the severity or seriousness of losses, rather than the number of losses. It is measured in terms of time lost from work rather than the number of individual accidents. It is another way of measuring the effectiveness of loss prevention services.

Accident Year, Accident Year Losses, Accident Year Statistics : Method of gathering data on losses, particularly liability Insurance claims which charges to a given calendar year by the total costs of the accidents, which occur in that year regardless of when these costs are incurred. Also called calendar-accident year statistics.

Accident, Arising Out of and in the Course of Employment : The term "accident" is given its popular meaning, viz., 'an event which is neither expected nor desired.' The words "in the course of employment" indicate the time when the injury is caused, whereas the words "out of employment" establishes the causal connection between the injury and the employment.

Accident, Aviation : Accident means any one accident or series of accidents arising out of one event.

Accident, Compulsory Public Liability Insurance : Accident is defined as "an accident involving a fortuitous, sudden or unintentional occurrence while handling any hazardous substance resulting in continuous, intermittent or repeated exposure to death of, or injury to person or damage to any property but does not include an accident by reason only of war or radioactivity."

Accident, Hit and Run : Hit and run accident is " an accident arising out of the us of a motor vehicle or motor vehicles the identity whereof cannot be ascertained in spite of reasonable efforts for the purpose.

Accident, Inevitable : An inevitable accident is an accident which occurs in spite of this exercise of ordinary care, caution and skill. The defendant has to prove that the accident could not have been avoided.

ACCIDENT, Personal Accident : An accident is essentially unexpected, not intended or designed. Certain voluntary acts which results in bodily injury are included, as for example, where a person in order to escape from a building jumps from an upper window and is injured by his fall.

Fortuitous occurrence caused by external visible and violent means is considered as an accident. Any person meeting with accident has to suffer (the consequences of the accident) and the result of an accident may widely vary from simple injury to death.

Question often arise whether events like suicide, murder, frostbite, snakebite, animal bite, insecticide, drowning etc., can be regarded as accidents. Applying the various tests, it can be stated that while suicide and murder or homicide following grave provocation are not accidents, homicide or murder without provocation, frostbite, snakebite, animal bite, insecticide and drowning are accidents.

Accidental Bodily Injury : Injury to the body of the insured as the result of an accident.

Accidental Death : Death of the Insured as the result of an accident.

Accidental Death and Dismemberment Insurance : Refer : "Personal Accident Insurance."

Accidental Death Benefit : A monetary compensation equivalent to capital sum insured in plus sum of accumulated cumulated benefit. In addition to the capital sum insured under policy, certain other benefits too are payable such as funeral and transportation of dead body, education fund to the dependent children, medical expenses incurred consequent upon accident subject to terms, conditions and limitations of the Policy provision. Also, a provision added to a life insurance policy for payment of an additional benefit in case of death by accidental means; it is often referred to as "double indemnity."

Accidental Death Insurance : Refer : "Personal Accident Insurance."

Accidental Dismemberment Benefits : A provision in a personal accident policy which pays either a specified amount or a multiple of the weekly disability benefit if the insured losses his sight or loses two limbs as the result of an accident. A less amount is payable for the loss of one eye, arm, leg, hand, or foot.

Accidental Dismemberment Insurance : Refer : "Personal Accident Insurance."

Accidental Means : Appearing in some policies, the unexpected or undersigned cause of an accident; the "means" that caused the mishap must be accidental in order to claim

policy benefits. The mishap itself must be accidental, not just the resulting injury. An example would be an individual chopping wood : If the axe slipped out of his hand and cut his foot, it would be accidental means. However, if his finger got in the way of the axe, it would not be accidental means.

Accidents Claim Journal : A monthly journal published from Delhi reporting Judgment (Indian as well as foreign relating to Accidents and Insurance Claims, Employees State Insurance Claims, cases of Negligence and Compensation, Claims against Common Carriers, Motor and Rail accidents Claims, Arbitration Cases arising out of Insurance, Criminal Trial arising out of Accidents. etc.

Accommodation Business / Insurance / Risk : Business accepted by an Insurer from an Agent, broker or proposer which would be rejected by normal Underwriting standards, but which is accepted because of the overall profitability of other related business or as a concession to the agency or a valued insured.

Accord and Satisfaction : If a claim has been settled by agreement and a binding discharge obtained. It cannot be reopened. Similarly, the law does not allow successive action. If damages are awarded for bodily injuries on the basis of medical evidence, a fresh action cannot be brought on the basis of subsequent medical opinion establishing that injuries were more serious than originally agreed.

Accounting Classes : The different classes of insurance business for the purpose of statutory returns.

Accounts Receivable Insurance : Insurance against loss due to inability to collect outstanding accounts receivable because of damage to or destruction of records by a peril insured against. Coverage commonly includes any extra expenses to recapture records and payment of interest on loans needed to cover the interim period reduction in collections. An insured's keeping duplicate records in safe storage off premises is a highly recommended risk reduction technique and the cost of coverage is considerably reduced thereby. Insurance may also be arranged to cover electronic records as well as paper.

Accrete : The process of adding new members to a health insurance policy.

Accrual Basis : Means the revenues are recorded in the period earned (regardless of when collected) and expenses are recorded in the period incurred (regardless of when cash was paid out).

Accrued Interest : Interest earned but not yet paid.

Accumulation : Percentage addition to Policy benefits as a reward to the insured for continuous renewal.

Accumulation : The concentration of similar risks in a particular area such that an insured event may result in several losses occurring at the same time.

Accumulation Period : A specified period of time, such as 90 days, during which the insured person must incur eligible medical expenses at least equal to the deductible amount in order to establish a benefit period under a major medical expense or comprehensive medical expense policy.

Acknowledgement : The act of one who has executed a written instrument in going before a competent court or officer and declaring it to be his voluntary act and deed.

Acquisition Cost : Insurer's / Reinsurer's cost of securing business including commission to Agents and brokers and other marketing expenses. It also can be accounting charge for placing a new Policy as on Insurer's books.

Acquittal : To declare not guilty of a charge : to exonerate.

Act Liability Only : Insurance to cover only that liability of the insured which is created by some specific provision of any act, statute or law, like Act Liability Insurance only in respect of motor vehicles as per provisions of the Motor Vehicles Act.

Act of God : An accident, an event that is the result of natural cause without any human intervention or agency, that could not have been prevented by reasonable foresight or care, such as floods lighting earthquake or storms.

Act of God Clause : A clause attaching with a Policy extending its scope to cover act of God perils such as lightning, flood, tornado, earthquake and other natural events.

Action : A lawsuit involving the right of one party to recover from another person in a court of law.

Action Ex Contractu. : An action or lawsuit based on breach of a promise made in a legal contract. The promise may be expressed or implied.

Action Ex Delicto : An action in tort involving damages demanded for a breach of a duty.

Active Malfunction: : A Products Insurance term. If the product instead of bringing a benefit to the user, actually damages the user's property, it is an active malfunction. An example is bug killer which when applied to a crop, damages the crop. Active malfunctioning is covered.

Actively at Work : Some group health insurance policies stipulate that if an employee is not actively at work on the day the policy goes into effect, the coverage will not begin until the employee return to work.

Acts Indian : Various legislation and acts influencing transaction of general Insurance and Reinsurance business in India and loss minimization and Risk Management

Act : Actuaries Act, 2006 (An Act to provide for regulating and developing the profession of Actuaries and for matters connected therewith or incidental thereto).

Act : Air (Prevention and Control of Pollution) Act, 1981 : This Act is structured along the lines of the Water (Prevention and Control of Pollution) Act, 1974 but is in relation to Air Pollution.

Act : Aircraft Rules, 1937 : The Rules extend to the whole of India and apply to aircraft (including persons on board) registered in India wherever they may be and (ii) to all aircraft (*including person on board) for the time being in or over India. however, the regulations relating to registration, licensing of personnel, airworthiness and log books provided in the Rules do not apply to foreign aircrafts which the aircraft are registered.

Act : Arbitration & Conciliation Act, 1996: Arbitration Clause under Insurance Policies provides that "**Clause 7**: If any dispute or difference shall arise as to the quantum to be paid under this Policy (liability being otherwise admitted) such difference shall independently of all other questions be referred to the decision of a sole Arbitrator, to be appointed in Writing by the parties to or, if they cannot agree upon a single Arbitrator within 30 days of any party invoking arbitration, the same shall be referred to a panel of three Arbitrators comprising of two Arbitrators – one to be appointed by each of the parties to the dispute / difference, and the third Arbitrator to be appointed

by such two Arbitrators and arbitration shall be conducted under and in accordance with the provisions of the Arbitration and Conciliation Act, 1996. It is clearly agreed and understood that no difference or dispute shall be referable to arbitration as hereinbefore provided, if the Company has disputed or not accepted liability under or in respect of this Policy.

Act : Bill of Lading Act, 1855 : This Act defines the character of the bill of lading as an evidence of the contract of carriage of goods between the ship owner and the shipper, as an acknowledgement of the receipt of the goods on board the vessel and, as a document of title. The bill of lading is one of the various documents required in connection with settlement of marine cargo claims.

Act : Boilers (Amendment) Act, 2007 : The manufacturing, supply, operation, registration of Boiler in India is governed by this Act. "Accident" means an explosion of boiler, or boiler component, which is calculated to weaken the strength or an uncontrolled release of water or steam there from, liable to cause death or injury to any person or damage to any property;' (2) "Boiler" means a pressure vessel in which steam is generated for use external to itself by application of heat which is wholly or partly under pressure when steam is shut off but does not include a pressure vessel. Act also provided for an official enquiry to be made into all boiler explosions as also laid down fines to be imposed on all boiler expositions as also laid down fines to be imposed on those responsible for explosions.

Act : Carriage by Air Act, 1972 : The Act gives effect to the provisions of the Warsaw Convention, 1929 and the Hague Protocol, 1955 relating to international carriage of passengers and goods by air. The Act defines the liability of the air carrier for death of or injury to passengers and for loss of or damage to registered luggage and cargo. The provisions of the Act also apply, with some changes, to domestic carriage, that is, carriage within India.

Act : Carriage by Road Act, Rules 2007 (as amended in the year 2011) : The new Act lays down various rules for both common carrier and for the consignor and/or consignee for the carriage of goods by road.

Act : Carriage of Goods by Sea Act, 1925 : This Act defines the minimum rights, liabilities and immunities of a ship-owner in respect of loss or damage to cargo carried. Broadly speaking the Act deals with aspects of ship owner's liabilities towards cargo owners. Broadly the Act deals with three aspects of a ship owner's liabilities towards cargo owners (a) The circumstances when the ship-owner is deemed to be liable for loss or damage to cargo unless he proves otherwise. (b) The circumstances when the ship-owner is exempted from liability, i.e., when loss or damage is caused by events outside his control, e.g., perils of the sea, and (c) The limits of liability of a ship-owner for loss of or damage to cargo calculated in monetary terms per package or units of cargo.

Act : Carriers Act, 1865: This Act defines the rights and liabilities of truck owners or operators who carry goods for public hire in respect of loss or damage to goods carried by them. The Act also prescribes the time limit within which notice of loss or damage must be filed with the road carriers.

Act : Central Excise Act, 1944 and Central Excise Rules, 2002 : The act provides for provisions for levying central excise duty on goods manufactured or produced in India, the collection of duty, refund, adjustment and/or penal provisions for breach of provisions.

Act : Central Motor Vehicles Rules, 1989 and 1993 : Have fixed certain responsibilities on the consignor, the transporter and also the driver for the safe carriage of hazardous goods.

Act : Companies Act, 2013 : The Act makes the provisions of the said Act applicable to the extent that they are not inconsistent with the provisions of the Insurance Act, 1938 and IRDAI Act, 1999. In other words, if there is a conflict between the provisions of Companies Act and Insurance (or IRDAI Act), the latter shall prevail. Besides, Act provides for definition of Key Managerial Personnel and also provisions relating to incorporation of a Company.

Act : Consumer Protection Act, 1986 (Amendment Act, 2002) : The Act was passed to (i) Provide for better protection of the interests of consumers, and (ii) Make provision for establishment of consumer council and other authorities for the settlement of consumer's disputes. Insurance has been defined as a service for the purposes of the act. Every buyer of insurance is a consumer. The Act has been amended by the Consumer Protection (Amendment) Act, 2002. The Act provides for the establishment of Consumer Disputes Redressal Agencies at three levels viz., the District Forum at the District level to entertain a complaint if the value of the service and the compensation claimed is less than Rs. 25 lacs. ; the State Forum at State level who has original, appellate and supervisory jurisdiction. It would entertain appeals from the District Forum. It has original jurisdiction to entertain complaints where the value of service and compensation claimed exceed Rs. 25 lacs but does not exceed Rs. 1 crore. The Apex body viz., the National Consumer Forum is the final authority established under the Act. It will have the original, appellate as well as supervisory jurisdiction. It would hear the appeals from the order passed by the State Commission and in its original jurisdiction it will entertain disputes, where services and the compensation claimed exceeds Rs. 1 crore. It has supervisory jurisdiction over State Commission.. An appeal shall lie with Supreme Court of India. The Forums have been vested with the powers of a Civil Court under the Civil Procedure Code, 1908.

Act : Customs Act, 1962 : Act provides various provisions for imposing of customs duty on goods being imported, situations where refund of duty is admissible due to goods found pilfered after unloading or goods lost or destroyed after import or importer relinquishes title or abandons goods before home consumption.

Act : Employees' State Insurance Act, 1948 (ESI) : This is an Act to provide for certain benefits to employees in cases of sickness, maternity and employment injury and to make provision for certain other matters in relation thereof. Under the Act, the Employees' State Insurance Corporation has been set up to administer the Insurance Scheme. The scheme is applicable to industrial employees as defined.

Act : Environment (Protection) Act, 1986 : It is a comprehensive legislation for enforcement of measures for protection of the environment and for co-ordination of the activities of Pollution Control Boards constituted under the Water and Air Acts.

Act : Exchange Control Regulations : Exchange control regulations governing general insurance business issued by Reserve Bank of India provide for circumstances when premiums and claims can be paid in foreign currency and prescribe the procedure for obtaining permission from Reserve Bank of India.

Act : Factories Act, 1948 : (Amendment Act, 1987) : The Act has introduced special provisions relating to hazardous activities. For example, the "Occupier" of a factory involving a hazardous process shall disclose in the prescribed manner all information regarding the hazards and the measures to overcome such hazards to the workers, the Chief Inspector of Factories, the local authority and the general public in the vicinity.

Act : Fatal Accidents Act, 1885 . The Act provides that, if the death of a person is caused by wrongful act neglect or default, an action for damages is maintainable by the legal heirs of the deceased against the party causing injury. Damages are awarded by the court in proportion to the financial loss resulting from such death to the survivors. The Act abolished the long standing rule of common law according to which a civil action for damages ends with the death of any of the person, on whom or by whom the tort was committed.

Act : The Aircraft Act, 1934 : To make better provision for the Control of the manufacture, possession, use, operation, sale, import and export of aircraft.

Act, Competition Act, 2002 : The Act provides for establishment of a Commission to prevent practices having adverse effect on competition and to enquire into anti-competitive agreements like Cartel, bid rigging etc., enquiring into abuse of dominant position like predatory pricing, regulate combinations like mergers, acquisitions etc and undertake competition advocacy including advise on policy issues, creating public awareness and imparting training on competition issues.

Act, Employees Provident Fund Act (EPF Act) Amendment Act, 1976 : To provide social security benefits to the workers. The act and schemes there under provides for three types of benefits namely, contributory provident fund, pensionary benefits to employees and/or family members and insurance cover to the members of the Provident Fund and an insurance cover to the members of the provident fund in covered establishment. Employees Deposit Linked Insurance Scheme, 1976 came into effect. The Employees' Pension Scheme provides pension to retiring employees on reaching 50/58 years of age, window/s pension, children pension and nominee pension on death of the member to his eligible family members. The Act is applicable to establishments employing 20 or more persons with Central Government having residual powers to apply this Act to establishments employing less than 20 employees. Employees drawing a wages of up to Rs.15,000 per month are required to become a member. Both the employer and employee contribute 12% of the wages to the Provident Fund.

Act : Foreign Exchange Management Act, 1999 (**FEMA**) is an **Act** of the Parliament of India "FEMA. The Foreign Exchange Management Act (1999) or in short FEMA has been introduced as a replacement for earlier Foreign Exchange Regulation Act (FERA). FEMA came into force on the 1st day of June, 2000.

- consolidate and amend the law relating to foreign exchange
- facilitating external trade and payments
- promoting the orderly development and maintenance of foreign exchange market in India
- 49 sections in the Act
- The Act also provides provisions for payment of premium on marine policies covering exports, imports, shipments between countries outside India, claims on exports, claims on imports, and claims on policies covering merchanting trade (trade between two countries outside India)
- In addition the Rules provides for guidelines for settlement of Overseas Mediclaim by Overseas TPA/Service Provider in the currency of the respective country and its reimbursement by the Indian Insurer who had collected premium in Indian currency.

Act : General Insurance Business (Nationalization) Act, 1972 : This Act came into force on 1st January, 1973 with the following objective :

a. To provide for the acquisition and transfer of shares of Indian Insurance companies and undertakings of other existing Insurers.

b. To serve better the needs of the economy by securing the development of general Insurance business in the best interests of the community.
c. To ensure that the operation of the economic system does not result in the concentration of wealth to the common detriment.
d. For the regulation and control of such business and for maters connected therewith or incidental thereto.

Act : Indian Contract Act, 1872 : A Contract of Insurance is an agreement whereby one party, called the insurer, undertakes, in return for an agreed consideration, called the premium to pay the other party, namely, the insured, a sum of money or its equivalent in kind upon the occurrence of a specified event resulting in loss to him. Insurance contracts like other contracts are governed by the general principles of the Law of Contract as codified in the Indian Contract Act, 1872. As in other contracts, the essential elements in a contract of insurance are (i) Offer and acceptance, (ii) Consideration (iii) Agreement between the parties (iv) Capacity of the parties, and (v) Legality of the contract. These are codified and governed by the Indian Contract Act.

Act : Indian Factories Act, 1948 : This Act defines Factory and provides for regulations for governing factories. This Act also provides for Various provisions of safety for various types of machinery, plant etc. in factories.

Act : Indian Mines Act, 1952 : Similar to Factories Act. Defines mines and provides for regulations to ensure safety and security in mines.

Acts : Indian Penal Code : The Indian Penal Code (IPC) 1860 has XXII chapters in all, covering more than 500 sections containing definitions / explanations of different offences crimes and punishments prescribed thereof. The First Information Report (FIR) and the Charge Sheet filed by the jurisdictional law enforcing authorities, will indicate the sections under which the crime / offence is booked, which provides the details of the nature of offence to the surveyor on perusal of the said documents. The Act defines Offences against property, offences relating to documents, offences against public tranquility, Offences affecting the public health, safety, convenience, decency and morals, etc.

Act : Indian Port Trust Act, 1908 : Indian Port Trust Act is applicable to all minor ports other than 13 major ports as defined and covered in Indian Ports (Major Ports) Act, 1963. Each Port Trust has to have its own rules and is governed by the respective State Government. There are minor differences from one state to another as regards time limit for filing a notice of loss on the ports.

Act : Indian Ports (Major Ports) Act, 1963 : There are 13 Major Ports Kandla, Mumbai, Jawaharlal Nehru Port (Nhava Sheva), Marmugao, Kochi, New Mangalore, Tuticorin Chennai, Ennore, Visakhapatnam, Paradip, Kolkata-Haldia and Port Blair. All the major parts fall under the purview of the Major Port Trust Act 1963 which defines the liability of Port Trust Authorities for loss of or damage to goods whilst in their custody and prescribes time limits for filing monetary claim on, or suit against, the Port Trust Authorities.

Act : Indian Post Office Act, 1898 : This Act defines the liability of the Government for loss, mis-delivery, delay of or damage to any postal article in course of transmission by post.

Act : Indian Railways Act, 1890, as amended from time to time the latest being Indian Railways Act 2005 : The Act deals with various aspects of Railways administration as is relevant also to marine Insurance practice as it deals with the responsibility of Railway administration as carriers. The Railways Claims Tribunal Act 1987 provides

for formation of Tribunals to deal with claims for cargo loss, personal injuries, refund of excess freight etc., and prescribes procedures thereunder.

Act : Indian Stamp Act, 1899 : The Act provides that a Policy of Insurance be stamped in accordance with the schedule of rates prescribed.

Act : Inland Steam-Vessels Act, 1917, Amendment Act, 1997 : The Inland Steam-Vessels Act, 1917 as amended in 1977, provides for the application of the provision of Chapter VIII of the Motor Vehicles Act, 1939 in relation to Insurance of mechanically propelled vessels against third party risks. The Act makes it compulsory for owners or operators of inland vessels to insure against legal liability for death or bodily injury of third parties or of passengers carried for hire or reward and for damage to property of third parties. The limits of liability are also prescribed.

Act : Insurance Act, 1938 : The Act applies to the General Insurance Corporation of India and the four Subsidiary companies subject to exceptions, restrictions and limitation as specified by the Central Government under powers conferred by Section 35 of the General Insurance Business (Nationalization) Act. The important provisions of the Act relate, among other things, to registrations, accounts and returns investments, limitations in expenses of Management, prohibition of rebates, powers of investigation, licensing of Agents, licensing of surveyors, advance payment of premium and Traffic Advisory Committee.

Act : Insurance Laws (Amendment) Bill, 2015 The Insurance Law (Amendment) Bill, 2015 has removed archaic and redundant provisions in the legislations and incorporated certain provisions to provide Insurance Regulatory and Development Authority of India (IRDAI) with the flexibility to discharge its functions more effectively and efficiently.

1. **Capital Availability:** It provides for enhancement of the foreign investment cap in an Indian Insurance Company from 26% to an explicitly composite limit of 49% with the safeguard of Indian ownership and control.

   The four public sector general Insurance companies, presently required as per the General Insurance Business (Nationalization) Act, 1972 (GIBNA, 1972) to be 100% government owned, are now allowed to raise capital, keeping in view the need for expansion of the business in the rural and social sectors, meeting the solvency margin for this purpose and achieving enhanced competitiveness subject to the Government equity not being less than 51% at any point of time.

2. **Consumer Welfare:** Introduction of imposing higher penalties ranging Rs. 1 Crore to Rs. 25 Crore on intermediaries / Insurance companies for misconduct and disallowing multilevel marketing of Insurance products in order to curtail the practice of mis-selling.

3. **Empowerment of IRDAI:** Greater and flexible responsibility is cast upon Insurers for appointing Insurance Agents subject to IRDAI to provides for and regulate their eligibility, qualifications and other aspects. IRDAI is empowered to regulate key aspects of Insurance Company operations in areas like solvency, investments, expenses and commissions and to formulate regulations for payment of commission and control of management expenses.

   It empowers the Authority to regulate the functions, code of conduct, etc., of surveyors and loss assessors. It also expands the scope of Insurance intermediaries to include Insurance brokers, re- Insurance brokers, Insurance consultants, corporate Agents, third party administrators, surveyors and loss assessors and such other entities, as may be notified by the Authority from time

to time. Further, properties in India can now be insured with a foreign Insurer with prior permission of IRDAI; which was earlier to be done with the approval of the Central Government.

4. **Health Insurance:** The amendment Act defines 'health Insurance business' inclusive of travel and personal accident cover and discourages non-serious players by retaining capital requirements for health Insurers at the level of Rs. 100 Crore.

5. **Promoting Reinsurance Business in India:** The amended law enables foreign Reinsurers to set up branches in India and defines 're-Insurance' to mean "the Insurance of part of one Insurer's risk by another Insurer who accepts the risk for a mutually acceptable premium", and thereby excludes the possibility of 100% Ceding of risk to a re-Insurer, which could lead to companies acting as front companies for other Insurers. Further, it enables Lloyds and its members to operate in India through setting up of branches for the purpose of Reinsurance business or as investors in an Indian Insurance Company within the 49% cap.

6. **Strengthening of Industry Councils:** The Life Insurance Council and General Insurance Council have now been made self-regulating bodies by empowering them to frame bye-laws for elections, meetings and levy and collect fees etc. from its members. Inclusion of representatives of self-help groups and Insurance cooperative societies in Insurance councils has also been enabled to broad base the representation on these Councils.

7. **Robust Appellate Process:** Appeals against the orders of IRDAI are to be preferred to SAT as the amended Law provides for any Insurer or Insurance intermediary aggrieved by any order made by IRDAI to prefer an appeal to the Securities Appellate Tribunal (SAT).

Act : Insurance Regulatory and Development Authority Act, 1999: The objects are stated in the Act as follows : An Act to provide for the establishment of an authority to protect the interest of the holder of Insurance Policy, to regulate, promote and ensure orderly growth of Insurance industry and for matter connected therewith or incidental thereto and future to amend the Insurance Act, 1938, the Life Insurance Corporation Act, 1956 and the general Insurance business (Nationalization) act, 1972.

The purpose of forming the IRDA (01) To protect the interest of Policyholders and to secure their fair treatment (02) To bring about speedy and orderly growth of the insurance industry including annuity an superannuation payments), for the benefit of the common man, and to provide long term funds for accelerating growth of the economy. (03) To set, promote, monitor and enforce high standards of integrity, financial soundness, fair dealing and competence of those it regulates. (04) To ensure that insurance customers receive precise, clear and correct information about products and services and to make them aware of their responsibilities and duties in this regard. (05) To ensure speedy settlement of genuine claims, to prevent insurance frauds and other malpractices and put in place effective grievance redrssal machinery (06) To promote fairness, transparency and orderly conduct in financial markets dealing with insurance and build a reliable management information system to enforce high standards of financial soundness amongst market players (07) To take action where such standards are inadequate or ineffectively enforced. (08) To bring about optimum amount of self-regulation in day to day working of the industry consistent with the requirements of prudential regulation.

Act : Marine Insurance Act, 1963 : This Act codifies the law relating to Marine Insurance. With a few exceptions this Act closely follows the UK marine Insurance Act, 1906.

Act, Merchant Shipping Act, 1958 : The Act also provides protection to ship-owners. For example, the liability of a ship-owner can be limited to certain maximum sums for certain losses,provided the incident giving rise to such claims has arisen without the actual fault or privity of the ship-owner. These claims may relate to loss of life, personal injury, or damage to property on land or water. The Act also confers the obligation on the ship owner to send his ship to sea in a seaworthy and safe condition.

Act, Minimum Wages Act : Every State Government and Union Territory has issued its own Act or Guidelines in regard to minimum wages that shall be applicable in that State / UT respect of unskilled, semiskilled and skilled categories in all schedules employments.

Act : Motor Vehicles Act, 1939 : Chapter VIII provides for compulsory Insurance of motor vehicles. According to the Act, no motor vehicle can be used in a public place unless there is in force, in relation to that vehicle, a Policy of Insurance issued by an authorized Insurer.

Act : Motor Vehicles Act, 1988 : The Motor Vehicle Act 1988 replaces the M V Act 1939 and it came into force from 1st July 1989. The Motor Vehicles (Amendment) Act, 1988 has introduced changes which have far-reaching consequences. Chapter (XI) provides for compulsory insurance of motor vehicles. No motor vehicle can be used in a public place unless there is in force in relation to that vehicle a policy of insurance issued by an authorized insurer. The policy is required to cover insured's liability in respect of death of bodily injury of certain persons (.e.g. third parties, fare-paying passengers, paid drivers, etc) and damage to property of third parties. The limits of liabilities required to be covered are also prescribed in the act. The Act also provides for constitution of Motor Accidents Claims Tribunals by the State Government. The object of this amendment is to ensure speedy settlement of persons involved in Motor Vehicle accidents. The Act mandates payments of compensation to the victims of accidents arising out of the use of a motor vehicle or motor vehicles in public places by the owner or owners as the case may be. The Act provided for compensation of Rs. 50,000 in case of death and of Rs. 25,000 in the case of injury without burden of proof of fault on the part of the vehicle owner. A claimant may seek compensation the basis of the structured formula prescribed in the Act. Besides, a claimant may at his option approach the Tribunal having jurisdiction over the area (i) in which the accident occurred, or (ii) where he resides, or (iii) carries on business or (iv) Where the defendant resides.

Act : The Motor Transport Workers Act, 1961 : An Act to provide for the welfare of motor transport workers and to regulate the conditions of their work

Act : The Multimodal Transportation of Goods Act, 1993. An Act aimed at developing international multimodal transport which would reduce logistics costs and thus make Indian products more competitive in the global market. The Act established licensing requirements, contractual terms (through the Multimodal Transport Document) and liability regime. The Act was again amended in year 2000 to give more protection to exporters. India allows 100% FDI in maritime infrastructure like ports, terminals, jetties, harbors, merchant shipbuilding as well as in support infrastructure like warehousing, roads and Inland Water Transport.

Act, Payment of Bonus Act : Some States / UTs have passed enactment for payment of Bonus specifying the category of employment / minimum and maximum wages to be taken as criteria for eligibility as also % of wages subject to a minimum and maximum to be paid as Bonus to the eligible employees.

Act, Payment of Gratuity Act 1972 : Payment of Gratuity Act, 1972 provides for a scheme for the payment of gratuity to employees engaged in factories, mines, oilfields, plantations, ports, railway companies, shops or other establishments. The Payment of Gratuity Act is administered by the Central Government in establishments under its control, establishments having branches in more than one State, major ports, mines, oil fields and the railways and by the State governments and Union Territory administrations in all other cases.

Act : Professional Tax Act : In India some of the States have introduced their respective Professional Service Tax Act whereby providing for levy and collection of a tax on professions, trades, callings and employments for the benefit of the State.

Act : The Public Liability Insurance Act, 1991 : This is an Act to provide for compulsory public liability insurance for the purpose of providing immediate relief to the persons affected by accident occurring while handling any hazardous substance and for matters connected therewith or incidental thereto. The Act gives relief on principle of No Fault and prescribes the limits of relief for death, injury, property damage etc.

Act : Sale of Goods Act : The Act provides for responsibility of the seller to ensure that goods sold are of merchantable quality and are fit for the purpose for which they are required by the buyer etc. The Act has relevance to products liability insurance.

Act : Shop and Establishment Act : Every State and Union Territory of India has its own Act providing for registration of the Shop / Establishment.

Act : Water (Prevention and Control of Pollution) Act, 1974 : The Central and State Pollution Control Boards are established under this Act. The function of the Board, inter alia, is to control sewage and industrial effluent discharge. The consent of the Board is required to establish any industry which is likely to discharge sewage or trade effluent.

Act : Workmen’s Compensation Act now changed as Employees Compensation Act 2011 : THE WORKMEN'S COMPENSATION (AMENDMENT) ACT, 2009 is now renamed as THE EMPLOYEE'S COMPENSATION (AMENDMENT) ACT, 2009 and wherever "workman" or "workmen" is mentioned in the entire Act the same needs to be read as "Employee"...(2) The compensation payable on death from the injury, is (i) minimum of Rs. 80000 is increased to Rs. 120000 or (ii) 50% of the monthly wages of deceased multiplied by the relevant factor. (3) The compensation payable on Permanent Total Disablement from the injury, is (i) minimum of Rs. 90000 is increased to Rs. 140000 or (ii) 60% of the monthly wages of deceased multiplied by the relevant factor.

Actual Cash Value (A.C.V.) : A method for placing value on property as of the time of its loss or damage. Actual cash value may be determined by market value (the current price for a like item in the same general condition) or replacement cost new less use depreciation (the cost of the same item branch new minus the insured’s contribution to pay for the added life expectancy of the property new property). The insured may generally select whichever method is more favorable. Contrast with replacement cost.

Actual Charge : The actual amount charged by a Medical Practitioner for medical services rendered.

Actual Total Loss: Refer : "Loss, actual total."

Actuary: A person professionally trained in the technical aspects of insurance and related fields, particularly in the mathematics of insurance such as the calculation of rating, premium, reserve, and other values. IRDA defined that “Actuary” means an actuary possessing such qualifications as may be prescribed. Has to be a Fellow Member of the Institute of Actuaries of India, specialization paper and expertise must be in the respective domain, age must be less than 65 years, has to be full time employee of the insurer, total experience +/- 10 years post qualification +/- 2 years domain experience, ordinary citizen of India and hold COP of Institute of Actuaries of India. Insurer desirous of appointing an Actuary seeks approval of India and On acceptance by IRDA, AA appointment is confirmed by Insurer.

Actuary :As per the Actuaries Act, 2006 and the Institute of Actuaries of India : “Actuary” means a person skilled in determining the present effects of future contingent events or in finance modeling and risk analysis in different areas of insurance, or calculating the value of life interests and insurance risks, or designing and pricing of policies, working out the benefits recommending rates relating to insurance business, annuities, insurance and pension rates on the basis of empirically based tables and includes a statistician engaged in such technology, taxation, employees’ benefits and such other risk management and investments and who is a fellow member of the Institute.

Traditional responsibilities of Actuaries in life and general insurance business include designing and pricing of policies, monitoring the adequacy of the funds to provide the promised benefits, recommending fair rate of bonus where applicable, valuation of the insurance business, ensuring solvency margin and other insurance risks like legal liability, loss of profit, etc. They also define the risk factors, advise on the premia to be charged and re-insurance to be purchased, calculate reserve for outstanding claims and carry out financial modeling. An Actuary works as consultant either individually or in partnership with other Actuaries in multi-disciplines life insurance, information technology, taxation, employees benefit, risk management, investment, etc. Evidently, the scope of the functions and duties of an Actuary has increased considerably under the changed conditions.

Actuarial : Having to do with insurance mathematics. Describes the calculations made by an actuary. Actuarial calculations require basic data over a sufficient time period to permit likelihood of future vents to be predicted with a degree of certainty.

Acute Care : Skilled, medically necessary care provided by medical and nursing personnel in order to restore a person to good health.

Additional Cover: An InsurancePolicy extended to cover additional risk perils such as Strikes, Riot and Civil Commotion etc. on payment of extra premium.

Additional Expenses of Rent for an Alternative Accommodation Clause, Add On Peril under Standard Fire and Special Perils Policy : Additional Expenses of Rent for an Alternative Accommodation is covered in respect of non-manufacturing risks under material damage policy only and not under Consequential Loss (Fire) policy. The period of indemnity is limited durng which the original premises remain untenable as a result of occurrence of perils insured against subject to a maximum indemnity period not to exceeding 3 years. The additional expenses recoverable means the additional rent actually paid i.e., the difference between the new and the original rent paid. Insurance for this extension is available only if it involves actual physical damage to the building. The cover does not intend to pay if for instance the insured’s entry is barred by strikers, demonstrators and similar occurrences. Cover is permitted to tenant as also to the Owner-occupant. For owner-occupant the alternative accommodation is limited to the area under his occupation. For the owner-occupant the notional rent rateable by Municipal/Revenue may be treated as the original rent

for the purpose of this clause. Owner-occupant to cover both building and contents whereas the tenant to insure the contents of the premises for which seeking this extension.

Additional Extended Coverage: An endorsement for policies covering dwellings and similar property, extending the coverage to include Insurance against Direct loss caused by water damage from plumbing and heating system or bursting of system as hot water system, and malicious mischief, glass breakage as well as fall of trees and collapse.

Additional Insurance : In some forms of insurance the insurers may require to be notified of additional insurances effected or may require the insured to warrant that he will not affect them.

Additional Insured or Interest: Entity other than a named insured who is protected under the terms of an InsurancePolicy. Usually additional Insureds are added by endorsement or referred to in the wording of the definition of insured in the Policy itself.

- **By Name** - Additional insured(s) identified by name, typically on declaration page or endorsement to the declaration page of another's Policy.
- **By Reference** - Additional insured who is covered as a member of a class or group having a relationship, specified in an InsurancePolicy's definition of insured(s), to the named insured (such as the employees of the named insured or those having the named insured's permission to operate an insured vehicle).
- **Additional Interest** - Interest of an additional insured.

Additional Living Expenses Insurance: Policy which reimburses the insured for increased living costs when loss to insured property forces temporary residence elsewhere. Examples are the cost for a hotel or motel and the extras cost for restaurant meals.

Additional Perils: Perils added to a fire policy, such as damage by storm, tempest or flood.

Additional Premium : Extra premium charged either because the insurance is more hazardous than normal or because additional benefits are added to the policy.

Additional Provisions : Provisions in addition to the regular insuring and benefit provisions, and to the standard uniform provisions, which define and limit the coverage. Also, often called general provisions.

Additional Reserve for Unexpired Risk : The reserve held in excess of the unearned premium reserve, to allow for any expectation that the unearned premium reserve will be insufficient to cover the outstanding risk in respect of the unearned expenses.

Additur : A situation where the court increases a previous award.

Adhesion: A legal principle stating that any ambiguities or uncertainties in the wording of an insurance agreement will be construed against the insurer.

Adhikari Suraksha Kavach (Executives All Risks / Businessman's All Risks) : A personal package policy designed for executives and/or businessman. Policy covers (I) Laptop/portable computer due to any unforeseen loss or damage due to any cause whilst anywhere in the world, subject to an excess. (II) Cellular Phone : Loss and/or damage including theft, burglary, malicious or accidental damage (III) Loss of Cash : Loss of cash due to accident or misfortune when the insured is on official duty or on outstation tour subject to a maximum per event limit (IV) Baggage Insurance : Loss or damage to baggage due to accident or misfortune whilst on journey anywhere in the world (V) All Risks for Jewellery and Valuables (VI) Personal Accident (VII) Health Insurance (VIII) Personal Liability.

Adjacent: Living near to, but not in actual contact with nearby property. Some Insurance policies cover adjoining but not adjacent property. Refer "Adjoining."

Adjoining : In physical contact with, rather than next to, but not touching. One building is adjacent to another when it is so located that it touches the other building. Contrast with "Adjacent.".

Adjustable Premium : The right of an insurer to change the premium rate on classes of insureds, or blocks of business at the time of policy renewal.

Adjusted Gross Estate : The total value of an estate at the death of the owner less an allowance for settling the estate (funeral expenses, administrative costs, etc.

Adjusted Net Worth : The capital, surplus and voluntary reserves of an insurer, plus an estimated value for business on the books and unrealized capital gains, less the potential income tax on such gains.

Adjusted Underwriting Profit (or Loss): Profit (or loss) realized from Insurance operations, as contrasted with that realized from investments.

Adjuster: Person responsible for the evaluation and settlement of an insured claim. An adjuster may be an employee of an Insurer, or an individual operating independently and engaged by an Insurer or insured to adjust a particular loss or claim.

- **InsuranceCompany adjuster** - Adjuster who is a full time employee of an Insurer, adjusting only losses and claims covered by that Insurer.
- **Public adjuster** - Independent adjuster hired by any Insurer or insured to represent that client's interest in the adjustment of a specific, often complex insured loss or claim.

Adjuster Average: An adjuster who specializes in adjusting marine losses.

Adjusting : The process of settling loss with or by an Insurance Buyer.

Adjustment : The process of determining the cause and amount of a loss, the amount of indemnity the amount of indemnity the insured may recover after all proper allowances and deductions have been made, and the proportions that each Company is required to pay under its contract if there is more than one Insurance Company involved.

Adjustment Bureau: An organization that contracts with insurers to provide loss settlement services on behalf of those insurers.

Adjustment Premium : The adjustment premium is a further premium payable at the end of a period of cover. This may result from the use of retrospective experience rating or from a situation where the exposure cannot be adequately determined at the start of the period of cover.

Administration Bond : Refer : "Bond, Administration Bond"

Administration Expenses : Costs of running a business other than acquisition cost and settling claims.

Administration Services Only: Descriptive of a contract under which an Insurer, Insurance broker or other organization provides a client with administration services (such as rating, expenses allocation or claims settlement) with respect to loss exposures and losses that the client retains rather than insures. Also, an arrangement under which an insurer or another third-party administrator contracts

to provide specific record-keeping and claim payment functions to a self-funded group insurance plan or a particular class of insurance of an insurer..

Administrator : An individual or professional organization (such as a Bank's Trust Department) authorized to administer the estate of a deceased person by the court; his or her duties are to collect assets of the estate, pay its debts, and distribute the residue to those entitled. He or she resembles an executor who is appointed by the will of the deceased. The administrator is appointed by the court and not by the deceased and therefore must give security for the administration of the estate, called an administration bond.

Admiralty : Involving maritime law, concerning the high seas or navigable waters.

Admiralty Court : Admiralty Court is a court having jurisdiction over maritime questions pertaining to ocean transport, including contacts, charters, collisions and cargo damages.

Admiralty Law (Admiralty Liability) : Admiralty law is a distinct body of law which governs maritime questions and offences. It deals with matters including marine commerce, marine navigation, sailors, shipping and the transportation of passengers and goods by sea. Although, many countries have enacted their own general maritime legislation admiralty law is characterized by a significant amount of International Law developed in recent decades including various multilateral treaties.

Admiralty Lawyer : A admiralty lawyer or maritime lawyer deals with maritime law. This could involve collisions at sea, maritime torts, industrial torts, transactional law and environmental law. Ship owners and charters may engage admiralty lawyers for ship registration, ship sale, shipping litigation, arbitration, ship arrests and release apart from handling cases relating to marine insurance.

Admiralty Proceedings : A type of proceedings involving questions of maritime suit. Any insurance claim involving ocean marine insurance would usually be settled by an admiralty court.

Admissible: Claims of losses than can be properly accepted or allowed on a Policy written.

Admission/1000 : The number of hospital admissions for each 1000 members of the health plan.

Admits : The number of admissions to a hospital (including outpatient and inpatient facilities).

Admitted Assets: Those assets of an insurer that under IRDA guidelines can be taken into account in representing the financial position of the company.

Admitted Company : An insurance company that is licensed (admitted to conduct business within a given state.

Ad Valorem: Duty evaluated on parentage of cargo value.

Admitted Insurance or Reinsurance : Insurance from an insurer who is licensed to do business in India or a given country. Reinsurance from a reinsurer who is licensed or approved to business in India or a given country.

Admitted Insurer : Insurer, licensed to do business in a particular country, regardless of where that Insurer is domiciled.

Admitted Liability, Aviation: A coverage for guests in an aircraft. In the event of an accident, with this coverage guests can recover without having to go through a

determination as to whether or not the insured was liable. It is written with a limit per seat in the aircraft.

Admitted market : The range of insurance available through admitted insurance companies.

Advance Against Documents : Load made on the security of the documents covering the shipment.

Advance Freight, Marine : In the case of advance freight the person advancing the freight has an insurable interest, in so far as such freight is not repayable in case of loss.

Advance Loss of Profit Insurance (ALOP) / Delay in Start-up Insurance (DSU) : Refer : "Engineering Insurance : Advance Loss of Profit Insurance (ALOP) / Delay in Start-up Insurance (DSU)".

Advance Premium Mutual : An insurance company owned by its policyholders that charges an advance premium that is expected to cover losses and expenses; policies may be assessable or non-assessable.

Advance Premium: The payment made at the start or beginning of the period covered by the Insurance Policy.

Advancing Line : Moving a line of hose by hand toward a fire or position to be covered.

Adventure : A business venture. The sending to sea of ships or goods.

Adverse Possession: A possession inconsistent with the right of the true owner.

Adverse Selection: The tendency of persons with a higher than average probability of loss to seek or continue insurance to a greater extent that do persons with an average or below average probability of loss.

Adverse Underwriting Decision : Any decision involving individually underwriting insurance coverage resulting in termination of existing insurance, declination of an application, or writing the coverage only at higher rates. For property and casualty insurance, it also includes placing the coverage with a residual market mechanism or an unauthorized insurer.

Advertising Injury : Injury arising out of libel or slander, violation of the right to privacy, misappropriation of advertising ideas or infringement of copyright, title or slogan committed in the course of advertising goods, products or services.

Advising Bank : A bank that receives a letter of credit from an issuing bank, verifies its authenticity, and forwards the original letter of credit to the exporter without obligation to pay.

Advisory Capacity : A term indicating that a shipper's agent or representative is not empowered to make definite decisions or adjustment without the approval of the group or individual represented.

Aero Engine Breakdown Insurance : Refer : "Engineering Insurance : Aero Engine Breakdown Insurance".

Aerodynamics: Aerodynamics is an advanced and complicated science. It is concerned with the study of the forces which operate on solid bodies passing through air. These forces are gravity, lift, drag and thrust. (a) gravity- the power which forces all solid bodies downwards to the surface of the earth : (b) list - the upward force which works in the opposite Direction of gravity pull: (c) drag- the force which pushes back objects

which move forward, in other words, the resistance of the air against motion: and (d) thrust - the forward force Directed at overcoming the resistance of the air to motion.

Affiant : The person who executive an Affidavit.

Affidavit : A statement or declaration reduced to Writing and sworn to or affirmed before some officer who has authority to administer oaths or affirmations.

Affidavit of Claim : A form required when a claim is filed. In general, it contains the facts on which the claim is based.

Affiliate : Is a company that controls, or is controlled by another company, or is one of two or more commonly controlled companies.

Affiliated Companies : Companies related through common ownership of their securities or interlocking Directorates.

Affirm : Assert positively, Ratify the judgment of an interior court, Declare solemnly without taking an oath, that one will give true evidence.

Affirmed : When an appellate court declares that judgment, decree or order is valid and right and must stand as rendered in the lower court.

Affirmation : A solemn declaration in the nature of an oath, made by persons who have religious scruples against taking oaths.

Affirmative Warranty : The type of warranty where the insured declares a fact is true at the time given but does not make any statement about the future.

Affreightment: A bill of lading. A contract to transport goods by sea; either a charter party or a bill of lading.

After Charge : A charge sometimes included in fire rates for commercial buildings. It is usually added for conditions which can be corrected by the insured such as failure to have the proper types of fire extinguishers.

Aftercare : Individualized patient services required after hospitalization or rehabilitation.

Age Limit : In accident, life, or automobile insurance, the age below which or above which an insurer refuses to insure an applicant.

Agent, Individual: "Insurance Agent" means an individual appointed by an insurer for the purpose of soliciting or procuring insurance business including business relating to the continuance, renewal or revival of policies of insurance either for one life insurer or for a general insurer. **Agent, Composite** : "Insurance Agent" means an individual appointed by an insurer for the purpose of soliciting or procuring insurance business including business relating to the continuance, renewal or revival of policies of insurance either for one life insurer and a general insurer. If the applicant resides at a place where the population is 5,000 or more then then minimum qualification is to possess a pass in the 12th standard or equivalent examination conducted by any recognized Board/Institution. If the applicant resides at a place where the population is less than 5,000 then the minimum qualification is 10th or equivalent. Individual Agent who received practical training and examination can solicit and procure insurance business. The designated person in the insurance company shall issue and renew the licence. No capital requirement. **Agent,Tied Representative (Tied Channel of Distribution of Insurance)** : Comprises of individuals who in addition to representing one life insurer and one non-life insurer can also represent one standalone health insurer. In addition, the same individual agent can also be

associated with two specialized insurers viz., Agriculture Insurance Company of India (for selling crop insurance) and Export Credit Guarantee Corporation of India.

Agent, Corporate : "Corporate Agent" means a Corporate Agent who holds a licence to act as an insurance agent either for one life insurer or a general insurer. **Agent, Corporate Composite :** "Composite Corporate Agent" means a Corporate Agent who holds a licence to act as an insurance agent either for one life insurer and a general insurer. The Corporate Agent can be a proprietor / proprietary concern, a partnership firm, a company formed under the Companies Act, 1956, a banking company, a corresponding new bank, a regional rural bank, a Cooperative Society registered under the Cooperative Society act, 1912 or under any law for the Registration of Cooperative Societies, a Panchayat or a local authority or a Non-Governmental Organization or a micro lending finance organization covered under the cooperative societies act, 1912 or a Non-Banking Finance Company registered with the Reserve Bank of India or any othr Institution or organization which on an application to the Authority is specifically approved by the Authority to act an insurance agent. Corporate Insurance Executive or the Chief Executive represents Corporate Agent and should undergo practical training and is responsible for soliciting and procuring business. The Corporate Agent identified himself with insurance company of whom he is a representative and follow the code of conduct. The designated person in the insurance company shall issue and renew the licence. No capital requirement.

Agent's Balances : Moneys, typically premiums, which belong to an insurer but are held by an agent.

Agency Agreement : The steamship line appoints the steamship agent and defines the specific duties and areas of responsibility of that Agent.

Aggravation of Risk : To make the existing risk worse, more troublesome, etc.

Aggregate Deductible, Liability : A deductible applied annually to the total amount paid in claims during a policy period. Claims are generally subject to a pre-occurrence deductible, the aggregate is the limit beyond which no further deductibles are applied.

Aggregate Deductible, Marine : A maximum limit to the deductible amount for partial loss claims under a full fleet Policy, irrespective of the number of vessels involved.

Aggregate Excess of Loss Reinsurance : Refer : "Reinsurance, Aggregate Excess of Loss"

Aggregate Indemnity : The maximum amount that may be collected for any disability or period of disability under the policy.

Aggregate Limit : Usually refers to Liability insurance and indicates the amount of coverage that the insured has under the contract for a specific period of time, usually the contract period, no matter how many separate accidents may occur.

Aggregate Limit : Usually refers to liability insurance and indicates the amount of coverage that the insured has under the contract for a specific period of time, usually the contract period, no matter how many separate accidents might occur.

Aggregate Operations Liability : The total amount of money which the Insurer will pay under the terms of a liability Policy for claims for damages caused by the insured or his Agent in the operation of a business. It usually applies only to property damage liability.

Aggregate Products Liability Limit : Represents the amount which an insurer will pay during the term of a policy for all Product Liability Claims which it covers.

Aggregate Products Liability: The total amount of money which the Insurance Company will pay under the terms of a liability Policy for claims which arise out of the distribution or use of the products covered by the contract.

Aggregate Protective Liability : The total amount which the Insurance Company will pay under the terms of a liability Policy for claims which may arise from acts of independent contractors. This is frequent found in the construction field.

Aggregate: The greatest amount recoverable on account of a single loss or during a policy period, or on a single project.

Agreed Amount Endorsement : Property Policy provision under which the insured and the Insurer agree that the amount of Insurance specified in an endorsement will automatically satisfy the co-Insurance clause. An agreed amount endorsement eliminates the necessity of determining whether the Insurance carried is at least equal to the stated percentage of the value indicated in the co-Insurance clause. Refer "Co-Insurance.".

Agreed Bank Clause (Agreed Mortgagee Clause) : A provision in the Insurance contract under which the Insurer obligates itself to pay the mortgagee even if the owner breaches some contract condition so long as the breaches was not within the control or knowledge of the mortgagee. Also refer "mortgagee Clause."

Agreed Value Policy : Policy which undertakes to pay a specified amount in case of total loss. Under this case the Policy does not take into account the current market value.

Agreement : A legal contract.

Agricultural Insurance : Insurance applied to agricultural enterprises. Typical of business include crop insurance, livestock insurance, aquaculture insurance, forestry, etc.

Agricultural Pump Sets Insurance: The Policy applies to centrifugal pump sets (electrical and diesel), deep well pump, portable pump, turbine pumps as well as submersible pump sets used for agricultural purposes and the scope of cover is against Fire, lighting, burglary, theft, mechanical or electrical breakdown.

AIDS : Acquired immune deficiency syndrome. A fatal, incurable disease caused by a virus that can damage the brain and destroy the body's ability to fight off illness.

Air Cargo Agent : Is a type of freight forwarder who specializes in air cargo and acts for airlines that pay him a fee. He is registered with the International Air Transport Association, IATA. (See also Air freight Forwarder; Forwarder; Freight Forwarder; Foreign Freight Forwarder).

Air crew : The personnel of an aircraft.

Air Freight Forwarder : Air Freight Forwarder is one who specializes in air cargo. He usually consolidates the air shipments of various exporters, charging them for actual weight and deriving his profit by paying the airline the lower consolidated rate. He issues his own air way bills to the exporters, is licensed by the C.A.B. viz., Civil Aeronautics Board and has the status of an indirect air carrier. (See also Air Cargo Agent, Forwarder, Freight Forwarder, Foreign Freight Forwarder.)

Air Freightment : An agreement by a steamship line to provide cargo space on a vessel at a specified time and for a specified price to accommodate an exporter or importer, who

then becomes liable for payment even though he is later unable to make the shipment.

Air Insurance : Please refer : "Aviation Insurance."

Air Passengers Policy : The Policy covers liability to passengers for personal injury or damage to their personal effects.

Air Transit (Airfreight) (Excluding Sending by Post), Risk Covered : The risk covered are all risks of loss of or damage to the cargo insured subject to specified exclusions.

Air Transit (Registered Postal Sending), Risk Covered: As per Institute Cargo Clauses 'A', Refer "Marine Insurance Risk, covered, Ocean Transit-ICC 'A'.

Air Waybill : A bill of landing that covers both international and domestic lights transporting goods to a specified destination. This is a non-negotiable documents of air transport that serves as a receipt for the shipper, indicating that the carrier has accepted the goods listed and obligates itself to carry the consignment to the airport of destination according to specified conditions.

Airborne Vessel : Afloat or flying aircraft.

Airborne: Carried by or through the air.

Aircraft : The term 'aircraft' includes the engines, standard instruments and equipment ; extra equipment and accessories of an Aeroplane.

Airfreight Replacement Clause, Marine Hull : Different wordings used by different insurers. Version I stipulates that in the event of loss or damage to the goods insurers to pay the cost of airfreighting the damaged parts to manufacturers for repair and return ort the airfreighting of replacement parts from manufacturers or suppliers to destination. Notwithstanding that the goods lost or damaged were not originally dispatched by airfreight. Provided that in no case shall the liability of insurers exceed the insured value of the complete item. Version II covers reasonable cost of airfreighting subject to amount payable shall be limited to a stipulated sum any one claim mentioned in the policy.

Air-Line : A system or Company for moving freight and passengers by aircraft; a route for transit by air.

Air-Mail : The system of transporting mail by aircraft.

Air-Rights : The rights vested by grant of an estate in real property to build upon, occupy or use in the manner and degree permitted, all or any portion of space above the ground or any other stated elevation without vertical planes the basis of which corresponds with the boundaries of the real estate described in the grant.

Alarm: Mechanical device for signaling the occurrence of an unwanted condition, such as a Fire, burglary, or the unnecessary activation of a Fire-suppression system in order for corrective action to be taken.

- **Auxiliary alarm :** Alarm, part of a private Fire protection system which activates a Fire alarm box of a public Fire department. Refer : "Fire protection, public Fire protection."
- **Central station alarm :** Alarm system owned, operated and maintained by a private security firm for the protection of the premises of its customers. When an alarm sounds in the central station, the private security firm notifies the appropriate public, police or Fire departments and may send its own investigator to the scene of the alarm.

- **Local alarm :** Alarm which sounds inside or immediately outside a protected property thus alerting its occupants and/or nearby persons to an emergency condition.
- **Proprietary alarm** : Alarm which is similar to a central-station alarm but in which the alarm is received at a central office on the protected property. Refer : "Alarm, Central Station Alarm."
- **Remote Station alarm:** Alarm which is Directly wired to an off-premises office of a Fire of police department or owner of the protected property. A remote station alarm differs from an auxiliary alarm in that, when the remote station alarm alerts a public authority, it is Directly wired to the headquarters of that authority rather than relaying on the nearest alarm box.
- **Water-flow alarm** : Alarm which sounds when a Fire-suppression sprinkler system begins to discharge in order to serve as a Fire alarm, or, if there is no Fire, to signal the inappropriate discharge of the sprinkler system. A water-flow alarm may be either a local, central station or remote station alarm.

Aleatory: Depending on chance. Type of contract (1) whose execution or performance depends on a contingency or an uncertain (random) event beyond the control of either party, and/or (2) under which the sums paid by the parties to each other are unequal. Most Insurance policies are Aleatory contracts because the insured may collect a large amount or nothing in return for the premiums paid.

Alien Enemy : The term comprises (a) subject of a hostile stat, and (b) persons of any nationality carrying on business in a hostile state.

Alien Insurer : An insurer incorporated in a foreign country, doing business in a given state.

Alienate : To put with title to property. Thus, public liability policies cover the liability of the insured arising out of a condition or conditions in premises alienated by him, but do not cover liability for damages to the premises themselves resulting in from such a condition.

Alimony Insurance : Insurance designed to protect the insured against default in connection with payment of child support and alimony.

All - Risk Insurance : A term used to describe a policy which covers the Insured property against any fortuitous cause including acts of God (such as flood, cyclone, storm, earthquake), accident, disease, fire, theft and pilferages. It excludes those perils defined in the policy and inevitabilities such as wear and tear and depreciation. The term is misleading because no property policy is truly an all-risk coverage. There is a concerted effort to eliminate use of this term and to replace it with the term open peril coverage.

All Other Perils Misfortunes : A phrase in an ocean marine cargo policy meaning perils of the same nature as those described specifically in the perils clause that may appear in an inland marine policy insuring movable goods.

All Risk Crop Insurance : A Government program to insure crops of specific types, on an all-risk basis, against loss from unavoidable causes.

Alliance of American Insurers (AAI) : An association of insurance companies working together in areas of common interests such as (1) Government affairs affecting insurance (02) education of the employees of member companies (03) loss prevention, and (04) other insurance activities.

Allied Company : A company linked with another whether one has acquired the other or is a subsidiary or the linkage is by way of amalgamation or merger.

Allied Health Personnel : Health personnel who perform duties which would otherwise have to be performed by physicians, optometrists, dentists, podiatrists, nurses and chiropractors. Also, called paramedical personnel.

Allied Lines (Fire and Extended Coverage) : Property Insurance against perils which are 'allied' to Fire Insurance in that they all cause relatively infrequent losses, are rated similarly to Fire Insurance, and often are covered through one or more endorsements to a Fire Insurance Policy. One such endorsement, the extended coverage endorsement, provides protection against wind, hall, falling aircraft, riot and civil commotion, vehicles striking the insured property, explosion (except boiler explosion), and smoke. Other allied lines include earthquakes, sprinkler leakage and business interruption Insurance.

Allied Lines : A term that has been adopted to refer to the lines of insurance that are allied with property insurance, these coverage provide protection against perils traditionally written by fire insurance policies such as sprinkler leakage, water damage and earthquake.

Alligatoring : The irregular checked char patterns found on wood after a fire. The size, color, depth, and the location may have a bearing on fire cause, origin and spread.

All-Line Insurer : An insurer whose underwriting authority includes the right to issue contracts on all types of insurance, including life.

Allocated Benefit : A provision under which certain expenses usually miscellaneous hospital and medical charges such as X-ray, dressings, drugs etc. will be paid at a rate for each as scheduled in the provision. Usually, there is also a maximum total that will be paid for all such expenses.

Allocated Loss Adjustment Expenses (ALAE) : Expenses incurred in investigations and settling claims that are assigned to specific claim or groups of claims as prescribed in statistical data reporting plans or financial accounting rules.

Allocated Loss Adjustment Expenses Reserve : A liability as of a valuation date for ALAE to be paid in the future on claims that have been incurred as of that date.

Allowable Charge : The lesser of the actual charge, the customary charge and the prevailing charge.

Allowable Costs : Charges which qualify as covered expenses under Health Insurance.

Alongside : A phrase referring to the side of a ship. Goods to be delivered “alongside” are to be placed on the dock or barge within reach of the transport ship’s tackle so that they can be loaded abroad the ship.

Alternate Delivery Systems : Health services provided in other than an inpatient, acute-care hospital, day care hospital, which are designed to provide needed services in a more cost-effective manner.

Always Open : Term used in placing open covers to denote that the insurance remains continuous until ended by cancellation.

Amalgamation : A contemplate stage of things under which two companies are so joined as to form a third entity, or one Company is absorbed into and blended with another.

Amartya Shiksha Yojana Policy (Policy covering Education Expenses) : This is a policy designed to cover the education expenses of the insured student, if the providing

parent or guardian is involved in an accident, which results in his death or permanent total disablement. (a) The policy is basically designed to cover the educational expenses of the insured student. (b) The sum insured depends upon the educational expenses of a particular course (c) The policy period is commensurate with the period of the course undertaken (long term policy usually). (d) The compensation amount is deposited with a financial institution, which in turn releases amounts based on the demands made by the educational institution. € The amount which remains in the account after the completion of the course is paid to the insured student. (f) In case the student discontinues studies, the amount outstanding in his account is paid to him after the due date when the course would have ended had he continued with the same. A special feature of the policy is that if the death of the parent/providing guardian occurs due to surgery or within 7 days thereof the same is treat as an accident and is covered under the policy.

Ambiguity : When the Policy contains recital recourse may be had to them in constructing an ambiguity clause in the Policy, but where the operative words are unambiguous, the recital cannot be resorted to, vary their grammatical meaning. The assured cannot put his own meaning upon a Policy but, where it is ambiguous, it is to be constructed in the sense in which he might reasonably have understood it, if the Insurers wish to escape liability under given circumstances they must use words admitting of no possible doubts.

Ambulatory Care : Medical services that are provided on an outpatient (non-hospitalized) basis; services may include diagnosis, treatment and rehabilitation.

Ambulatory Setting : Institutions such as surgery centers, clinics or other outpatient facilities which provide health care on an outpatient basis.

Amendment : A formal document changing the provisions of an insurance policy signed jointly by the Authorized Signatory of the Insurance Company and Policyholder or his authorized representative.

American Academy of Actuaries : A society concerned with the development of education in the field of actuarial science and with the enhancement of standards in the actuarial field.

American Agency System: The system of selling Insurance through Agents compensated on a commission basis. This is in contrast to the system of selling Insurance through salaried Company representatives who write Insurance for one Company only.

American Institute for Property and Liability Underwriters, Inc. An insurance educational organization which establishes insurance standards and fosters educational work. Properly qualified individuals who pass a series of examinations given by this body receive the designation Chartered Property and Casualty Underwriter.

Amortization : Writing off part of the value of an asset in a company's books at intervals until the value of an asset is extinguished.

Amortized Value : The amount at a given point in time to which the purchase price of a bond purchased at a discount or premium has been increased or decreased.

Amount at Risk : Actuarial term for the difference between the sum insured and the mathematical reserve.

Amount Subject : Maximum value of property which underwriters estimate can possibly be lost under the most unfavorable circumstances in any given event, such as a Fire. Refer "Loss, Maximum probable."

Analysis : Analytic system for the measurement of relative Fire hazard. A system for measuring the relative probability of Fire loss to property and of determining Fire Insurance premium rates.

Anatomy : The study of the structures of the human body and the relationship between them.

Ancillary : Fees charged for additional services (other than room and board charges), such as x-rays, anesthesia, lab work, etc. The term may also be used to describe the charge made by a pharmacy for prescriptions which exceed the health insurance policy's maximum allowable cost.

Ancillary Benefits : Benefits for miscellaneous hospital charges.

Animal Driven Cart Insurance : The Insurance protection for (i) own damage loss to cart / Tonga / coach by accidental external means, fire, explosion, Act of God Perils, malicious act including riot and strike including any of these perils whilst in transit by road, rail or inland waterways. (ii) against death or permanent total disablement of the animal used for pulling or driving the carriage due to accident caused whilst attached to the cart/Tonga/coach (iii) against third party liability (iv) for death or disablement of the driver due to accident whilst mounting into or dismounting from or driving the cart / Tonga or coach. Animals to be used for driving/pulling of cart/Tonga are Male Buffalo, Bullock, Castrated Bullock, Horse, Mule, Donkey, Camel, Yak.

Animal Husbandry : The raising of domesticated animals as cattle, sheep, horses etc.

Animal Insurance : Refer "Cattle Insurance".

Anniversary date : The anniversary of the original date of issue of a policy as shown in the declarations.

Annual Expected Loss : Refer "Loss, probable yearly aggregate."

Annual Policies (Marine) : An annual Policy is issued in respect of goods that belong to the insured and/or held in trust by him but not under a contract of sale or purchase. The depots must be owned or hired by the insured. An annual Policy may also be issued in respect of goods, owned by the insured and deliverable to specified dealers premises. Sum insured will be the aggregate maximum estimated value in transit (in land- both rail and road) at any one time of all goods in respect of a specified transit. When several specified transits are carried under the Policy, the maximum estimated value in transit at any one time will be the sum insured. As and when a claim is paid the sum insured will be reduced by the claim paid. This amount has to be reinstated by payment of additional premium.

Annual Premium : A premium paid to obtain Insurance for one year.

Annual Renewal Agreement : Clause in which the Insurance Company agrees to renew the covered Policy under stated conditions.

Annual Report : The insurer's published statement to its stockholders giving pertinent financial information and review of the year's activities.

Annual Slide : A method used in calculating the premium for an excess of loss contract.

Annual Statement : The annual report made by a Company at the close of fiscal year, stating the Company's receipts and disbursements, assets and liabilities. Such statement usually includes an account of the progress made by the Company during the year.

Annual Turnover : Annual Turnover means total insured value of goods in transit, covered under Special Declaration Policy, which by agreement may include all incoming and outgoing consignment comprising capital goods, raw materials, stores, finished and semi-finished products.

Annul : To make or declare void or invalid, such as invalidating a contract of marriage.

Answer : A statement made by the defendant in response to a complaint or action which has been brought against the defendant. It states why the defendant should not be held liable.

Antedating : Refer : "Backdating".

Anthropometry : Measurement and collection of static and dynamic body measurement for use as design criteria to improve the ease of functioning, efficiency and safety of people in a mechanical system. The study of human body sizes and modes of action to determine their relationship to efficiency of operation and safety. For example, the range of the knee-heights of truck drivers has been studied to provide data useful in designing adequate clearance between brake pedals and steering wheels.

Anti-Cancellation Laws : Government laws that restrict the right of insurers to cancel insurance policies except for specific reasons.

Anti-Coercion Laws : The laws that prohibit lending agencies from requiring the placing of insurance with the agency as a condition of granting a loan.

Anti-Selection : An insurer is exposed to the risk of anti-selection if a policyholder or group of policy holders can make use of information not available to the insurer to obtain insurance cover that would not have been granted if the insurer had had the information, or to obtain cover on more favorable terms than would have been granted by the insurer. An insurer may also be exposed to the risk of anti-selection by failing to make use of available relevant information.

Appeal : The right of a party who has received an adverse decision to take the case to a higher court for review.

Appellant : The person making an appeal to the higher court.

Appellate : Refers to courts which hear appeals for review of decisions rendered by a lower court.

Appellee : Also called the respondent. The person to whom the appellant is making his appeal.

Apple Plantation Insurance : Indemnifies the insured the plantation input cost for total loss of apple plant and/or damage to fruit, when loss occurs due to fire and allied perils. The indemnity is the amount arrived at after applying percentage of loss to sum insured, franchise, excess etc. Policy also covers loss of inputs cost incurred by way of damage to fruit which is assessed by applying percentage of loss to sum insured. Coverage is available for only trees between age of 1 to 30 years to regularly bearing orchards only. Intercropping involving rice, wheat, maize and potato not allowed. In the event adverse climate prevails at the time of blossoming the insured shall resort to hand pollination or any other suitable technique.

Application : Questionnaire providing information to be used in determining the coverage an Insurer will provide as well as the acceptability of the applicant for the amount of Insurance and the premium to be charged.

Application, Legal Status : An application usually is an offer, although, under some conditions. it is only an invitation to the Insurer to make an offer.

Apportionment : The method of dividing a loss among insurers in the same proportions as their participation when two or more companies cover the same loss.

Apportionment Clause : Clause in a property Insurance Policy which distributes the Insurance in proportion to the value of the properties insured by each Policy against a peril causing a loss.

Appraisal : Survey or examination of real or personal property to determine its value. In real estate transactions, the appraisal normally measures the market value of the property. In Insurance, appraisals normally measure the actual cash value, replacement cost, or other insurable value of property. Refer "Value, actual cash value", and "Replacement Cost."

Appraisal Clause : A clause in an Insurance Policy which provides that the insured or Insurance Company shall have the right to demand an appraisal to fix or determine the amount of damage in terms of money. This would also refer to loss as well as damages.

Appraisal Surplus : The excess of appraised values over book values.

Appraisement, Customs : Appraisement means to fix the price or arrive at the price of the goods for levy of duty. The assessed price or value has to be at the place of delivery, hence it will include all costs, Insurance, freight and landing charges.

- **Appraisement, First Customs Check :** When the goods are assessed after examining and testing them and the duty is paid thereafter it is known as first check appraisement.
- **Appraisement, Second Customs Check :** The first check appraisement procedure is followed by customs in respect of goods which cannot be correctly identified by physical inspection and are not of type which are imported regularly. Then the second check procedure is followed by customs for goods which are well known and can be classified and assessed readily.

Approach : The part of a sales presentation which opens the discussion with the prospective insured.

Approved : A risk, individual, product or building that meets the Underwriting standards of the Company, Usually applied to construction, preventive and protective devices, packing goods etc. to indicate that they meet the requirements for Insurance, as for a reduced premium rate.

Aarogyamithra : Aarogyamithra is a friend of Health, a unique concept added for implementation of Aarogyasri Health Insurance Scheme. They act a facilitators for the patients. Aarogyamithra are selected by from Self Help Groups, need to be a graduate, native and resident of the same PHC area and need to possess good communication skills. The Aarogyamithras need to perform different jobs at different places for instance in PHC Hospitals the role of Aarogyamithras is to promote and enhance the publicity and awareness level, maintain helpdesk at hospital and receive the beneficiary at hospital, verify the beneficiary eligibility criteria facilitate consultation with Doctor, fill up the referral card, guiding and counsel the patient about various facilities etc.

Aarogyasri Health Insurance Scheme: Government of Andhra Pradesh (India) launched one of its kind landmark Rajiv Aarogyasri community Health Insurance Scheme since 2007. The main objective is to make available quality healthcare to the marginalized population of Andhra Pradesh and so far the scheme has covered approximately 230

lacs BPL families. The quality health care is made available through a unique model comprising a tailor made insurance policy administered by an insurance company and a self-financed reimbursement mechanism of Aarogyasri Health Care Trust.

Approved Charge : Amounts paid under health insurance as the maximum fee for a covered service.

Approved Roof : A term used in building construction. It indicates a roof made of fire-resistive materials, such as tile or asphalt shingles.

Appurtenance: Something belonging or attaching to property as an accessory or adjunct.

Appurtenant Structure : A private structure, located on the premises but not connected with the primary building that is insured, for example, an unconnected garage or garden house. Coverage is usually provided as a limited percentage of the building coverage in several property contracts.

Arbitration : An alternative to litigation by submitting a dispute to the judgment of a specified number of disinterested persons called "arbitrators", whose decision called an "award" is binding on the parties. (I)Form of Alternative Dispute Resolution (II) Alternative to court room litigation (III) Parties submit their disputes to a NEUTRAL third party called the Arbitrator (s) or Arbiter (s) for resolution (IV) Binding dispute resolution, equivalent to litigation in the courts.

Architects, Surveyors and Consulting Engineers Fee (in excess of 3% of the claim amount), Standard Fire and Special Perils Policy (Material Damage) : On payment of additional premium the expenses incurred towards Architects, Surveyors and Consulting /Engineers for plans, specification tenders, quantities and services in connection with the superintendence of the reinstatement for the building, machinery, accessories and equipment insured under the policy up to 7.5% of the adjusted loss is covered. However, this does not include any cost in connection with the preparation of the insured's claim or estimate of loss in the event of damage by insured perils.

Architects, Surveyors and Consulting Engineers Fee (upto 3% of the claim amount), Standard Fire and Special Perils Policy (Material Damage) : the expenses incurred towards Architects, Surveyors and Consulting /Engineers for plans, specification tenders, quantities and services in connection with the superintendence of the reinstatement for the building, machinery, accessories and equipment insured under the policy up to 3% of the adjusted loss is covered. However, this does not include any cost in connection with the preparation of the insured's claim or estimate of loss in the event of damage by insured perils.

Area Ignition : Simultaneous or rapid successive ignition of a number of individual fires that are spaced to support each other and spread the fire quickly.

Area of Origin : In fire investigation parlance, the place where a fire started.

Arising Out of Employment : Refer : "Accident, arising out of and in the course of employment".

Arranged Total Loss (Marine, Hull) : An agreement between a hull underwriter and the assured ship owner, whereby the underwriter is prepared to pay a compromised settlement on a total loss basis because, although, the estimated cost of repairs does not justify a constructive total loss, repairing the ship would be an uneconomical proposition in view of its market value and the high cost of repairing the damage. The settlement, usually, allows the assured to retain the wreck. Refer : "Compromised total loss:.

Arrears : Overdue premiums.

Arrest Bond : Refer : "Bond, Arrest Bond".

Arrived Damaged Value : The value of cargo which has been damaged in transit, at the time of its arrival at the place where the adventure terminates.

Arrived Sound Value : What the value of cargo would have been if it had arrived undamaged at the place where the adventure terminates.

Arson : The burning of a structure with intent to commit a felony. There are many types of arson but the only type the adjuster must be concerned with as a fraud is arson for profit. Most arson fires are not profit but are rather spite -, revenge – or jealousy – inspired fires.

As Expiry: Expression used where it is proposed that an insurance should be renewed on its previous terms.

Ash Dump : An opening in the Fire place floor, usually placed at the rear, through which ashes are conveyed to the basement or outside.

Ashraya Bima Yojana : This is a scheme to provide relief to the retrenched workmen. The sustenance allowance is payable up to 12 months or until he/she secures alternate employment, whichever is earlier. The cover is available for ongoing companies only. The company should not have been closed for continuous period over 30 days during last 12 months. The company should not have immediate plan to go on reengineering and up-gradation at the time of proposing the cover. Employees' salary (Basic+DA) should not be more than Rs. 10,000 per months and he should be contributing to EPF for at least 12 months at the time of proposing the cover.

Assailing Thieves : Those other than the crew using force or violence to steal a ship or its cargo. Such action is an insured peril under an Ocean Marine contract.

Assault : An intentional, unlawful threat of bodily injury to another by force, or force unlawfully directed towards the person of another, under such circumstances as create well-founded fear of imminent peril, coupled with apparent present ability to execute the attempt; battery consists of the actual execution of the act offered in an assault – hence, the placing of the victim in fear (assault) and the actual infliction of the injury (battery) constitute what is commonly referred to as assault and battery.

Assessable : Insurance to which the policyholder may be required to contribute in the event the company becomes unable to pay its losses; confined to certain mutual companies..

Assessable Insurance : Insurance under which each loss payment is dependent upon the collection of assessments from Policyholders. Assessable Insurance is usually associated with a fraternity, society or association that increase the required payments from all Insureds whenever necessary to meet claims.

Assessed Value : A value set upon real estate by Government assessors for the purpose of assessing taxes.

Assessment : A charge sometimes levied against policy holders by certain types of companies.

Assessment Insurance : A system of insurance whereby premiums are not fixed in advance but are calculated each year on the basis of the sum needed to maintain the insurer's solvency in the light of the claims payable and the insurer's expenses.

Assessment Mutual : An insurance company owned by its policyholders that issues policies under which the policyholders may be assessed for losses and expenses.

Assessor : Person who estimates the value of goods for the purpose of apportioning the sum payable by the underwriters to settle the claims. Also called as Surveyor.

Asset Liability Management : Asset liability management basically refers to the process by which an institution manages its balance sheet in order to allow for alternative interest rate and liquidity scenarios. Banks and other financial institutions provide services which expose them to various kinds of risks like credit risk, interest risk, and liquidity risk. Asset liability management is an approach that provides institutions with protection that makes such risks acceptable.

Asset Share Value : The value of a book of business to an insurer, assuming that the business has been in force long enough to show true mortality rates. This value must be known by the insurer in order to make rates and also in order to sell the business. If assets share values do not grow properly, either the rates have been too low or expenses too high.

Assets : All the available properties of every kind of an Insurance Company that may be used to pay its debts. These would include real estate, bonds, mortgage, stock, cash, deferred and unpaid premiums. The assets of an Insurance Company include all funds, property, goods, securities, rights of action or reserve of any kind owned by it, less such items as are declared non-admissible by statute.

Assigned Risk : A risk that may not be generally acceptable to any insurance company but for which the law says that insurance must be acquired. Motor Third Party is one such necessary coverage.

Assigned Risk Plan/Pool Not defined : A market device that provides insurance for individuals or other entities than cannot obtain coverage from an insurer on a voluntary basis, by sharing premium and losses for such entities among the insurers participating in the pool; distinguished from assigned risk plan, joint underwriting association.

Assignment : When a person wants to take a loan from a bank, the policy can be assigned (transferred) in the name of the person/organization from whom the money is borrowed as a collateral security. Sometimes even for one policy there can be different financial institutions having its individual specific stake for different Plants and / or machinery and / or building and/ or stocks**.** Where assured assigns or otherwise parts with his interest in the subject matter insured, he does not thereby transfer to the assignee his rights under the contract of Insurance, unless there be an express or implied agreement with the assignee to that effects. However, this provision does not affect transmission of interest by operation of law

Assignment absolute : Complete, unrestricted transfer or rights under a contract.

Assignment conditional : Conditional transfer of rights under a contract.

Assignee : Also executor, administrators, Sometime the Insurers, Covenant to pay the executors, administrators or assigns of the assured.

Assignor : The person who assigns a mortgage or Insurance agreement.

Assignment of Benefits : A method where the person receiving the medical benefits assigns the payment of those benefits to a physician or hospital.

Assignment of Proceedings : A stipulation within a letter of credit in which some or all of the proceeds are assigned from the original beneficiary to one or more additional beneficiaries.

Assignment, Health : An authorization to pay Health Insurance Benefits direct to the service provider. Payments may be assigned to participating providers only.

Assignment, Marine Hull : Unlike Cargo Policies Hull underwriters are not prepared to accept assignment by open endorsement and require a dated notice of assignment to be endorsed on the policy

Associate of Insurance Institutes of India : A designation awarded by the Insurance Institute of India to those who pass examination in courses prescribed.

Associate in Risk Management : A professional designation to those who have completed a series of course and examinations.

Associated Company : A Company linked with another.

Association Scheme : A program for the insurance on specially designed terms of the members of an association.

Assume : To accept from another insurer all or part of the risk of an insured loss.

Assumed (or Contractual) Liability : This insurance protects the insured in the event a loss occurs for which he has assumed liability, express or implied, under a written contract. For example, under most construction agreements with a municipality, the contractor agrees to "hold the municipality harmless" for any accidents arising out of the job. Contractual Liability Insurance would thus protect the contractor from any loss for which the municipality would be liable in connection with the construction

Assumption : An amount accepted by the reinsurer.

Assumption Certificate : A statement of coverage by the reinsurer under which payment is guaranteed to a party not in privity with the reinsurance contract. Same as Cut-Through Clause.

Assumption of Risk : Coverage or acceptance of proposed risk perils by an Insurer.

Assumption of Risk : One of the common law defenses available to an individual. For instance, one person riding with another in an automobile has generally "assumed the risk" and therefore, has no action against the driver of the vehicle should an accident occur. This is common law concept and has been modified by recent case laws and by Motor Vehicles Act.

Assured : Partly indemnified or promised to be indemnified against loss by means of insurance. Also, an interchangeable word that is the same in meaning as insured.

Assurer: Same as Insurer.

Atomic Energy Reinsurance Pool (Mutual Atomic Energy Reinsurance Pool) : Refer : "Reinsurance, Atomic Energy Reinsurance Pool (Mutual Atomic Energy Reinsurance Pool"

Assurance : Synonym for Insurance. Usedcommonly for the life business and in the traditional form of marine policy. Charles Babbage in 1826 suggested that assurance was a contract on the duration of life which must either happen or fail and insurance is a contract relating to any other uncertain event which may partly happen or partly fail but the distinction has never been universally accepted.

A.T. : American Terms (Marine Insurance). A term used to differentiate between the conditions of American policies from those of other nations, principally England.

Attachment : The act of taking in to custody of the law either the person or the property of someone under and by virtue of an order of court.

Attachment Date : The date on which the insurance cover comes into force.

Attachment of Risk : The coming into force of insurance

Attachment Slip : A supplementary slip, attached to the original slip, used when it is necessary to obtain an insurer's agreement, by signature to an amendment or addition.

Attestation Clause : Refer "InsurancePolicy, Attestation Clause."

Attorney – In- Fact : A person who is authorized by letter or power of attorney to act on behalf of another, the principal, for a particular act or purpose as differentiated from the general practice of law; and attorney-in-fact acts as an Agent for the principal, but within a specifically limited areas of authority. An Agent or broker issuing an InsurancePolicy acts as attorney-in-fact to bind the Insurer or accept premium payments. In bonding and surety ship contracts, a person binding the surety Company is an attorney-in-fact for the surety.

Attractive Nuisance : A dangerous place, condition or object which is particularly attractive to children. In such cases the courts have frequently held that where attractiveness exists, the owner is under a duty to take steps to prevent injury to those that may be attracted and the owner may be held liable for failure to do so. Certain types of machinery such as a rail road turntable have been held to be 'attractive nuisance'.

Audit : Survey of an insured's records to determine the premium which should be paid to the Insurer for protection furnished and perhaps for other purposes, such as compliance with loss control recommendations.

Audit Classification : A coding system for identifying the class of risk for entry in a return that has to be made to some designated office.

Audit Premium : The additional premium to which an insurer is entitled or the return premium to which the insured is entitled after an audit and refiguring of the base on which the original or deposit premium was charged.

Auditor : Individual who makes a formal examination and verification of records.

Authorization : The amount of Insurance an underwriter says he will accept on risk of a given class as on specific property, given for the guidance of Agents and in response to requests from producers.

Authorized Insurer : An insurer authorized by the Authority to transact business in that country for specific types of insurance.

Auto Ignition Temperature : The lowest temperature at which a flammable gas or vapor-air mixture will ignite without a spark or flame.

Automatic Coverage : Insurance coverage given automatically by a Policy, usually for a specified period and limited amount to cover increasing values and newly acquired and changing interests.

Automatic Reinstatement Clause : A clause in an Insurance Policy which provide for automatic reinstatement of the full face value of the Policy, after payment for a partial loss. Refer "Reinstatement."

Automatic Reinsurance : Refer : “Reinsurance, Automatic Treaty”.

Automatic Sprinkler : A property protection device to prevent damage by Fire. The sprinkler head is made of a substance that melts at a low point and releases a spray of water to extinguish Fire.

Automatic Treaty : Refer : “Reinsurance, Automatic Treaty.”

Automobile Fleet : A group of automobiles under the same ownership and management. For insurance purposes a fleet usually consists of five or more self-propelled units and generally qualifies for certain premium reductions and rating plan.

Automobile Insurance : A type of insurance which protects the insured against losses involving automobiles. Different coverage can be purchased depending on the needs and wants of the insured e.g., the liability coverage of bodily injury liability, property damage liability and medical payments and physical damages of collision and Package policy.

Automobile Liability Insurance : A form of liability insurance that is specifically designed meet requirements of Motor Vehicles Act in India to indemnify for loss incurred through legal liability for death and/or bodily injury and damage to property of others caused by accident arising out of ownership or operation of an automobile.

Average : (i) Synonym for "loss". derived from the French and used primarily in ocean marine Insurance. (ii) Arithmetic mean, or the total of a series of values divided by the number of values making up the total.

General Average : Damage and expenses purposely incurred for the common safety of the vessel, freight and cargo interests. General averages are paid by the several interests in the proportion of their respective values exposed to the common danger including the interest of the party whose property or interest is intentionally sacrificed. For example, if it is necessary to jettison cargo to save a ship, the owners of the ship and the rest of the cargo that is saved will share in the loss of the goods that were intentionally sacrificed. Refer : "Loss General Average."

Particular Average : Loss to a ship, freight or cargo interest which is not shared by contribution among all interests, but is borne by the owner of the interest to which loss occurs, Refer " Loss Particular Average".

Average Adjuster : Independent expert who assesses the liabilities of the various parties to a common maritime adventure and to classify the various items of expenditure between general and particular average, viz., ship, freight and cargo.

Average Agreement : Document signed by property owners by terms of which they agree to pay any general average contribution properly due so that property may be released after a general average loss has occurred. Average agreements were found often in both marine and inland marine policy but have mostly been replaced by co-insurance clauses.

Average Clause : Property Insurance clause providing that similar items in one location or several locations which are insured by a Policy shall be covered in the proportion that the value of each bears to the value of all. Previously known as a "Pro-rata distribution Clause:" or "Average Distribution Clause."

Average Cost Per Claim, Health : The total cost of administrative and/or medical services divided by the number of units of exposure such as costs divided by number of admissions, or cost divided by number of outpatient claims, etc.

Average Earning Clause : In disability insurance, a provision that reduced payment to the proportion of policy benefits that the insured's earnings at the time of disability (or average earnings for two years prior to disability) bear to total disability benefits under all policies, also called the "Relation of Earnings to Insurance Clause."

Average Irrespective of Percentage : Broadest "with average" clause. Losses by insured perils are paid regardless of percentage.

Average Length of Stay , (ALOS) Health : The total number of patient days divided by the number of admissions and discharges during a specified period of time. This gives the average number of days in the hospital for each person admitted.

Average Rate : A rate for a policy established by multiplying the rate for each location by the value at that location and dividing the sum of the results of the total value.

Average Weekly Wage : A term generally used in Employees Compensation laws. It is the basis for determining weekly benefits under such laws.

Aviation Hazard : The hazard of accidental death or injury resulting from participation of aeronautics.

1. **Aviation Hazard, Natural :**

a. **Weather** : Weather has an important bearing on flying. Many areas are exposed to hurricane, windstorms and monsoons. These hazards affect the aircraft while in flight. Poor visibility due to fog or due to heavy monsoon will render landing or take-of difficult and sometimes impossible. Bad visibility may also cause collision between aircraft in crowded aerodromes.
b. **Icing :** Ice formation on the wings, the tail plane and jet engines pose a major hazard to aircraft. Ice formation increase the weight of the aircraft thus disturbing the 'lift' force acting on the aircraft; ice formation may also disturb the working of the power plant. Ice hazard is a source of danger to the aircraft.
c. **Mountain Ranges** : Mountain ranges are hazardous for flying because of generally bad weather conditions, storms, poor visibility and ice formation. The problem is aggravated by difficult rescue operations and absence of repair facilities.

2. **Aviation Hazard, Operational :**

a. **Take-Off Landing Risks:** Take-off and landing are considered as the most dangerous periods of a flight. The largest number of air crashes have occurred during these periods. Heavy aircraft, being high speed aircraft, require long, concrete runways. As take-off and landing speed is very high, there is always the danger of the aircraft running beyond the runway into soft earth where the wheels may get stuck. This may result in overturning of the aircraft causing a Fire.
b. **Stalling :** An aircraft has to fly at a certain minimum speed in order to support itself in flight. When the speed falls below the 'stalling speed' it could result in a crash, particularly if it occurs through engine failure during take-off.
c. **Taxying Risks :** Accidents during taxying operations may occur due to congestion on the runways, incorrect orders from the control tower, miscalculation by the plot etc.
d. **Flight Risks:** In flight, the aircraft is exposed to the risk of engine failure and ingestion damage. The stability of the aircraft is also affected by air currents and stormy weather.
e. **Night Flying :** This is regarded as a hazardous operation and requires specialized experience on the part of the pilot.

f. **Ground Risks** : Aircraft parked in the hanger are exposed to the risk of Fire, earthquake, flood, etc., and aircraft parked in the open are exposed to the risk of weather damage and collision with other mobile vehicles. There is also the risk of theft of valuable instruments and parts.

Aviation Insurance: A type of policy which protects an insured against losses connected with the use of an airplane. Coverage can be purchased depending upon the needs and desires of the insured and can include the Liability coverage of Bodily Injury, Property Damage, Passenger Bodily Injury and Medical Payments, as well as Physical Damage or Hull coverage. Hull coverage can be written to provide either Broad or Limited Coverage. Coverage can also written for airports, aircraft dealers, airlines and hangar keepers' liability.

1. **Aviation : Aircraft (Flight & Ground Risks) Policy :** The cover provided by the Policy is to replace or make good accidental loss of or damage to the aircraft including standard components parts thereof temporarily detached in connection with overhaul or repair while in the custody or control of the insured (unless other similar component parts have been substituted) from whatsoever cause arising whilst the aircraft is in Flight and/or Taxying and/or on the Ground and/or Moored. The Policy also covers legal liability to third parties (other than passengers) and legal liability to passengers.
2. **Aviation : Aircraft Hull Policy Comprehensive :** The Policy cover loss of or damage to the aircraft while the aircraft is in flight, taxying, on the ground or moored, liability towards third parties, and passengers liability.
3. **Aviation : Aircraft Hull War Risks Policy:** The cover provides for indemnity for loss of or damage to aircraft caused by (a) war, invasion, acts of foreign enemies, hostilities, civil war, rebellion, revolution, insurrection, martial law, military or usurped power or attempts at usurpation of power, (b) Strikes, riots, Civil Commotions or labour disturbances, (c) acts of persons for political or terrorist purposes resulting loss whether accidental or intentional, and (d) any malicious act or act of sabotage.
4. **Aviation : Breach of warranty Insurance :** This Insurance provides that, if a claim is not payable to the insured by reason of a breach of any warranty of the Policy on his party, the financer will be reimbursed to the extent of the loan outstanding at that time. This is very similar to the Agreed Bank Clause in property Insurance.
5. **Aviation : Confiscation Endorsement:** The Insurance is extended to include loss of or damage to the aircraft Directly caused by confiscation, nationalization, seizure, restraint detention, appropriation, requisition for title or use under the order of the Government (whether Civil, Military or de facto) and/or Public or Local Authority of the country and/ or within the Geographical Area. However, such loss or damage due to the orders of the Government of India or any Public or Local Authority of India is excluded.
6. **Aviation : Hijacking Endorsement :** The Insurance is extended to include loss of or damage to the aircraft due to hijacking or any unlawful seizure or wrongful exercise of control of the aircraft or crew in flight by any person or persons on board the aircraft.
7. **Aviation : Loss of License Insurance :** The operating crew of the aircraft are required by law to have a valid professional license from the government to engage in their occupation. This license is granted after satisfactory medical examination. Renewal of the License is also subject to similar requirements. This license is liable to be suspended either temporarily or permanently on medical grounds. The consequent financial loss is covered by the loss of license Policy.
8. **Aviation : Loss of Use of Aircraft Insurance Policy :** The cover is effected by the air operator to protect himself against loss of revenue arising from an aircraft being laid up for repairs due to accident. The Policy indemnifies the insured for the loss of his revenue in cases of partial losses only and not in case of total loss.

9. **Aviation Personal Accident Policy (Crew) :** This is a group personal accident Insurance granted to the Airline operators providing for specified benefits payable in the event of accidental bodily injury to members of the crew. The airline operator is the insured under the Policy and the members of the crew are designated as 'Insured persons'. The insured i.e., the airline operator, has the sole and exclusive rights of receiving any payment or of enforcing any claim under the Policy. The capital sums insured vary according to the status of the insured personnel.
10. **Aviation : Product Legal Liability Insurance Policy :** This Insurance is effected by an aircraft manufacturer or a repairer to protect himself from risks that result from the faulty design of the aircraft or those due to defective repair work. The Policy indemnifies the manufacturer or repairer all sums that he might be liable to pay as a consequence of defective workmanship or manufacture.
11. **Aviation : Ransom Indemnity cover :** The Policy includes, without any additional premium, indemnity to the insured to the extent of 60% of any payment that the insured may be constrained to make by threats against the insured aircraft. The balance 40% is uninsured and is at the insured's risk.
12. **Aviation Terrorism Cover :** Cover against use of violence for political ends and includes any use of violence for the purposes of putting the public in fear.
13. **Aviation: Trip Insurance :** A Policy protecting individuals as fare paying passengers of a scheduled aircraft from destination to destination including while entering or coming out of airplane. It is generally obtained at airports.

Aviation Clause : A clause limiting the liability of the Insurer in case of death or injury connected to a specified degree with aviation.

Avoidable Consequences : Consequences that are caused by lace of care on part of an individual, and that could have been avoided had the individual exercised proper care. Generally refers to events that occur following a loss as the result of a person’s failure to take steps to prevent the consequences.

Avoidance : (i) A right which can be exercised by an underwriter to relieve him of liability under the Policy because the assured has been guilty of a breach of good faith or where the risk in a voyage Policy has failed to attach within a reasonable time after the underwriter wrote the risk. (ii) Never having the exposure or abandoning an exposure that is acquired earlier. (iii) A risk management technique that often is not feasible because it keeps one from engaging in a desired activity.

Award : The decision in Court of Law or Arbitration.

B

Back Draft : The explosion or rapid burning of heated gases that occurs where oxygen is introduced into a building that has not been properly ventilated and has a depleted supply of oxygen due to fire.

Backdating : A procedure for making the effective date of a policy earlier than the application date. Backdating is often used as an accommodation in Erection/Constructions risks where the risk has already commenced subject to proviso that no loss has occurred or reported for the job erection / construction work completed. Premium too is charged on full rate from the date the cover is commenced from. Otherwise usually the back dating is not at all allowed in Indian insurance market. Also, "Antedating."

Bad Faith : A tort created by judicial decision that allows an insured to recover tort damages (bodily injury, emotional distress, loss of use, trouble and inconvenience, and punitive damages) if an insurer intentionally, or in willful disregard of the rights of the insured, does something that deprives the insured of the right to recover the benefits of the policy.

Baggage Insurance : Covers personal accompanied baggage of the insured and/or his family members travelling with him against the risks of their baggage being lost, destroyed or damaged by accident, Fire or theft.

Baguio : A violent cyclonic wind in the Philippines; a hurricane.

Bail : A deposit or assignment guaranteeing appearance of a defendant for a trial, which is forfeited if the defendant fails to appear at the stipulated time.

Bail Bond : Refer : "Bond, Bail Bond".

Bailee : One who has the custody of the property of another. Bailee "for hire" have certain responsibilities to care for the property of others that is in their custody.

Bailees Customer Insurance : Insurance purchased by a bailee to protect the personal property of his customers against loss caused by specific perils. An example would be a carpet cleaner who buys coverage to protect his customers against loss or damage to their carpets while in his care.

Bailees Liability Coverage : Coverage that meets the needs of a bailee's liability. His legal responsibility is to exercise care appropriate to the circumstances of the bailment. In addition, most bailees want to carry enough insurance to make good any loss to the property in their custody whether or not they are legally liable.

Bailment : A bailment is the delivery of goods by one person to another for some purpose, upon a contract that they shall. when the purpose is accomplished, be returned or otherwise disposed of according to the Directions of the persons delivering them. The person delivering the goods is called 'bailor' and the person to whom they are delivered is called 'Bailee'. (Sec. 148 of the Indian Contract act, 1872).

Bailor : The owner of property that has been delivered to and is in possession of another.

Balance of Reinsurance Treaty : Refer : “Reinsurance, Balance of Treaty.”

Balance of Trade : The difference between a country’s total imports and exports; if exports exceed imports, favorable balance of trade exists, if not, a trade deficit is said to exist.

Balance Sheet : An accounting term which refers to a listing of the assets, liabilities and surplus of a Company or Individual as of a specific date.

Balanced Portfolio : Refer : “Reinsurance, Balanced Portfolio”.

Balancing Charges : Term used to describe the tax which a ship owner may have to pay if he receives an insurance claim payment in excess of the book value of his ship and is therefore deemed to have made a profit accordingly.

Ballast : Any material intended to provide stability the ship.

Balloon Loan : loan in which small periodic payments are made during the term of the loan. These sums are not sufficient to pay the full loan so that at the end of the period there is a need to refinance the loan since the last payment is a balloon or large amount that was not expected to be paid in full.

Balloon Payment : A final installment on an obligation that is greater than the preceding payments, and which discharges the obligation.

Bancassurance Distribution Channel of Insurance Products:**Bancassurance Channel – Corporate Agency Channel** : Banks could also distribute insurance to their customers by taking up a corporate agency. Thus, this channel is also actually a corporate agency channel. Banks have leverage and trust and credibility that they have established with their clients and have been doing very well in distributing insurance. As such, the distribution of insurance through banks is being referred to as “Bancassurance Channel” although it is actually an extension of the Corporate Agency Channel. Banks are corporate agents who represent one life insurance or one general insurance company or one stand health insurance company, or all three of them. Bancassurance Channel – **Broking Channel** : Recently, the Regulator IRDAI has allowed banks to work as Insurance Brokers too. Thus, the Banks can choose either the Corporate Agency model or the Broking Channel to offer insurance solutions to their clients.

Bancassurance Models :

a. **DistributionAlliance between the insurance company and the bank** whereby both the entities are independent. The agreement between them is only for distribution of insurance company’s products by the bank.
b. **Insurance Company as a Subsidiary of the Bank** : The Insurance Company is floated by one bank or certain banks through a joint venture with some multinational such as (i) SBI General Insurance Co by SBI & Insurance Australia Group; (ii) Universal Sompo General Insurance Co by Allahabad Bank, Indian Overseas Bank and Karnataka Bank and Sompo Japan; (iii) ICICI General Insurance Co. The Banks who have floated the insurance company are the corporate agents of the insurance company. In this case, therefore, while the insurance company is a subsidiary of the bank or a syndicate of certain banks, the respective banks are the corporate agents of the insurance company. As the corporate agent is actually the parent company of the insurance company the partnership between them is very different to what it is where the association is purely a distribution alliance.
c. **Strategic Alliance or a Joint Venture between the two companies viz., the Bank and the Insurance Company** : In this arrangement the insurance Company

gets into a strategic alliance of a joint venture, by offering equity stake to the bank, to foster the business alliance between them. In this case, the joint venture happens not at the time of inception of the company, but at a later stage. Metlife Insurance has not only offered 30% equity stake to Punjab National Bank, the name of the insurance company has also been changed to PNB Metlife Insurance Co Ltd. For many years, J &K Bank has also been the corporate agent of Metlife and indeed, J&K Bank had almost, 12% equity stake of erstwhile Metlife Life Insurance co. As for now, J&K Bank has around 5% equity stake in PNB Metlife Life Insurance Co Ltd Similarly, Axis Bank Ltd has been offered 4% equity stake by Max Life Insurance Co Ltd in the company whereby is not only a corporate agent of Max Life but also a joint venture partner.

Bankers' Indemnity Insurance : A compressive policypurchased by banks to provide them indemnity for the Direct loss of money and/or securities sustained by the insured (i.e., the bank) and discovered during the period of Insurance. The Policy covers

a. **On Premises:** Money and/or securities for which bank is responsible being lost or destroyed or made away with by Fire Riot and Strike Burglary or Housebreaking Theft Robbery or hold-up whether by the employee(s) of the Insured or any other person or persons whomsoever. However, if any of these contingencies are brought about by the employees, the claims, if any will be considered under the Section of Dishonesty.

b. **In Transit :** Money and/or securities being lost, stolen, mislaid or misappropriated whether due to the Negligence or Fraud of the employees(s) of the insured or otherwise whilst they are in transit in the hands of the employees. (The negligence, otherwise, is an exclusion under the policy).

c. **Forgery or Alteration** : The payment of bogus, fictitious forged or raised cheques or drafts including payment of genuine cheques, drafts or fixed deposit receipts bearing forged endorsements, or the establishment of any credit to any customer on the faith of such documents irrespective whether received over the Counter or through the Clearing House or by Mail.

d. **Dishonesty :** The Dishonest or Criminal Act of the employee(s) of the Insured with respect to the loss of money and/or Securities wherever committed and whether committed singly or in connivance with other.

e. **Hypothecated good :** Fraud and/or Dishonesty of the employee(s) of the Insured in respect of any goods and/or commodities pledged or hypothecated to the Insured and under the Insured's control.

f. **Registered Postal Sending :** Loss by Robbery, Theft or by other causes in transit by Registered post provided that each post parcel is insured with the post office.

g. **Appraisers:** Loss due to Infidelity or Criminal Acts on the part of Appraisers provided that such Appraisers are on the approved list of Appraisers maintained by the Insured.

h. **JanataAgents/Chhoti Bachat Yojana Agents/Pygmy Collectors:** Loss due to dishonesty or criminal act on the part of JanataAgent/Chhoti Bachat Yojna Agents/Pygmy Collectors, etc.

i. **Additional Risk Coverage : Automated Teller Machines** owned, rented or leased by the Insured and installed in the bank premises

- Cash and/or items for deposit whilst within Automated Teller Machine loss or damaged or destroyed due to any cause including mysterious unexplainable disappearance.
- Unauthorized taking of cash and/or items for deposit from an automated teller machine by fabricating or altering an access or identification or using a fabricated access or identification card or using an access or identification card which has been lost by or stolen from the bank or their printer.
- Physical Loss or damage to Automated Teller Machine

j. **Policy Excess** : The insured has to bear an excess of each and every loss. If the claim is under terms A to E above the insured shall bear 25% of each loss or 2 per cent of the basic sum insured whichever is higher but not exceeding Rs. 50,000/-. The excess will not apply to loss and/or damage arising out of Fire Riot and Strikes, Burglary and House Breaking. If the claim is in respect of items F to H the insured has to bear 25% of each and every claim.

k. **Basic Sum Insured** : The proposer has to select the sum insured which is the limit of the liability of the insurer for any one loss. The sum is known as the basic sum insured. It cannot be increased during the currency of the policy. However, it may be increased at the renewal of the policy. However, the bank is allowed to select a higher sum insured for either or one or both Sections A & B which is known as additional sum insured. The rate of premium is higher for basic sum insured and lower for the additional sum insured.

l. **Time Period** The policy is generally issued for a period of 12 calendar months. It is provided that the insurers are not liable (a) for losses not discovered within the period of insurance. (b) In the event of non-renewal or cancellation for losses not discovered within 6 calendar months next following the date of expiry or date of cancellation. (c) For losses not sustained within a retroactive period not exceeding two years from the date of discovery of any such loss or losses provided that in such retroactive period the insurance was continuously in force but in no event the insurers shall be liable to pay any claim in respect of a loss or damage sustained prior to inception of the original policy. (d) Policy is on discovery basis and not on occurrence basis. Therefore for a particular policy to be operative the loss has to be discovered during the policy period. The relevant occurrence could be within the same policy period or earlier period but within the retroactive period covered which is a maximum period of two years from the date of discovery of a loss.

Banking Correspondent (BC) : "Reserve Bank of India (RBI)" introduced a regulation in 2006 allowing banks to provide service at people's doorstep through the use of third party services. This model is referred to as "Business Correspondents/Banking correspondents" in short BC's. BC is a representative authorized to offer services such as cash transactions where the lender does not have a branch. Primary role of BC is to oversee the proper development and functioning of indirect banking channel services such as cash deposits, withdrawals, remittances and balance enquiries from anywhere in the country on the lines of ATM facilities available to customers in urban areas. Of late, insurer or Banks by way of Bancassurance are seeking their help for reaching potential Micro Customers for Marketing of Micro Insurance in in-accessible and Rural areas. Oxigen, FINO, A Little World, EKO and the nearby Kirana Store are some of the well known BC's currently operating in India. Recently telecom companies such as Vodafone, Idea Cellular, Airtel, Vodafone; and consumer goods firms such as ITC, HUL who have large distribution channel and pan India presence have shown interest to become business correspondents for banks as well as insurers. Even the postal department which has about 1.55 lakh post offices over 90 per cent of which are in villages.

Bankruptcy Action : Assignments of policies may also be void or against the trustee in bankruptcy by Sec. 42 of the Bankruptcy Act. But once the assignor has made a

settlement of the Policy caught by that section, subsequent payments of premium up to the date of his bankruptcy will not constitute fresh settlement within it.

Barratry: Barratry is wrongful act of the Master and/or crew to the detriment of the owners of the vessel, for example, scuttling, running the vessel ashore, setting the vessel on fire, etc.

Barter : Trade in which merchandise is exchanged directly for other merchandise without use of money. Barter is an important means of trade with countries using currency that is not readily convertible.

Base Capitation, Health : The total amount which covers the cost of health care per person, minus any mental health or substance abuse services, pharmacy, and administrative charges.

Base Value : In a valuation linked property insurance the value at the outset of a period of insurance is termed the base value.

Baseline Data : Data collected prior to an activity (such as hazardous employment) for later use in describing conditions before the project began or changes brought about by the activity.

Basic Capital Adequacy Relativity (B.C.A.R.) : This percentage measures a company's relative capital strength compared to its industry peer composite. A company's BCAR which is an important component in determining the appropriateness of its rating, is calculated by dividing a company's capital adequacy ratio by the capital adequacy ratio of the median of its industry peer composite using Best's proprietary capital mode. Capital adequacy ratios are calculated as the net required capital necessary to support components of underwriting, asset, and credit risks in relation to economic surplus.

Basic Coverage Plan : Any of the commercial or personal lines property insurance which provide basic coverage i.e., the most limited coverage.

Basic Extended Reporting Period : An automatic "tail" for reporting claims after expiration of a "claims-made" liability policy. It is provided without charge and consists of two parts : (i) a mini-tail covers claims made within 60 days after the end of the policy; (ii) a midi-tail covers claims made within five years after the end of the policy period arising out of occurrences reported not later than 60 days after the end of the policy.

Basic Health Care Policies : Provide coverage for hospital, surgical and non-surgical doctor's care, usually subject to relative low maximum limit on amounts or days of service.

Basic Limit : Usually refers to Liability of Insurer indicating the lowest amount for which a policy can be written. This amount is either prescribed by Law or Underwriting Policy of the Company.(02) A prescribed set of policy limits used to standardize the collection of experience.

Basic Limits of Liability : Minimum amounts of insurance. The term is usually used in reference to bodily injury and property damage limits that are either the lowest amount which can be written at the published or manual rates, the minimum amount of insurance an insurer is willing to underwrite, or the minimum amount of insurance required by law.

Basic Medical Expense Insurance : Basic medical coverage for doctor visits, diagnostic x-rays lab tests and emergency treatments. Usually written without deductibles and coinsurance provisions but benefits are limited to specified amounts.

Basic Named perils : Covered perils in a property insurance contract : fire, lightning, windstorm, civil commotion, smoke, hail, aircraft, vehicles and explosions and riot.

Basic Premium : Insurance Premium paid at the beginning of the coverage period under a retrospective rating plan. It is percentage of standard premium and is designed to give the Insurer the money needed for administration expenses and the Agents commission plus on Insurance charge.

Basic Rate : Manual rate for a particular Insurance coverage which is adjusted by discounts or surcharge to reflect the individual circumstances of each insured Refer "Rate, Manual Rate."

Basic Specification : The specification in a standard fire policy with columns for buildings, machinery, plant and other contents, stock and materials in trade, and miscellaneous.

Batch Clause : A clause in a Products Liability Insurance providing that all claims for injuries arising out of one prepared or acquired lot of the product resulting from a common cause, shall be considered as resulting from one accident an shall therefore be governed by the limit per accident.

Battery : An unpermitted and unprivileged contact with another. Assault is an intentional, unlawful threat of bodily injury to another by force, or force unlawfully directed towards the person of another, under such circumstances as create well-founded fear of imminent peril, coupled with apparent present ability to execute the attempt; battery consists of the actual execution of the act offered in an assault – hence, the placing of the victim in fear (assault) and the actual infliction of the injury (battery) constitute what is commonly referred to as assault and battery.

Beaded Wire : Molten and reformed metal found on the sides or end of a wire, which arced or was involved in a fire. Often considered evidence of an electrically caused fire.

Bearer Policy : A policy the proceeds of which are expressed as payable to whomsoever holds it.

Bed Days/1,000, Health : The number of inpatient hospital days per 1,000 members of the health plan.

Belly Cargo : Freight accommodation below the main desk.

Bench Error : A term used in Product Insurance policies which describes a loss that occurs in the production process. For instance, if production workers mistakenly used the wrong ingredients in a chemical formula, a bench error has occurred. Bench errors are covered.

Benchmark : A benchmark is a claim reporting or payment pattern derived from external sources.

Beneficiary : The person designed to receive the benefits of some transaction as the proceeds of an accident InsurancePolicy. The person named in the Policy, to whom the InsuranceCompany offer evidence in support of the claim that has been submitted to the Company.

a. **Beneficiary, Contingent** : The person or persons designated to receive the death benefit if the primary beneficiary dies prior to the death of the insured.

b. Beneficiary, Irrevocable : A beneficiary that cannot be altered by the insured, the insured having relinquished the right to change the beneficiary designation.

c. **Beneficiary, Primary** : The person or persons designated to receive the benefits under the policy.

Benefit : Sum of money provided in an InsurancePolicy to be paid for certain types of loss under the terms o an InsurancePolicy, e.g., an accident InsurancePolicy may provide that certain sum be paid for death, loss of limbs or sight of loss of time, These specified amounts are the benefits provided by the Policy.

Benefit Duration: The maximum period during which disability income benefits are payable.

Benefit Levels, Health : The maximum amount a person is entitled to receive for a particular service or services as spelled out in the contract with a health plan or insurer.

Benefit of Insurance : Term used e.g. in a contract of carriage, where some person such as a bailee stipulated that he shall receive the benefit of insurance effected by the owner.

Benefit of Salvage : An insurance under a contract of indemnity who pays the value of property lost or destroyed becomes entitled to the salvage.

Benefit Package, Health : A description of what services the insurer or health plan offers to those covered under the terms of a health insurance contract.

Benefits : The financial reimbursement and other services provided insured by insurers under the terms of an insurance contract such as benefits as prescribed by the Employees Compensation Act.

Beneficial Interest : The interest arising from an InsurancePolicy.

Bermuda Agreement : An agreement concluded in 1946 between the U>K> and the U.S. designed to regulate future international air traffic. Most Governments accept its principles and follow it inter-alia by limiting traffic rights on international routes to one or two carriers.

Berth : Is the place beside a pier, quay or wharf where a vessel can be loaded or discharged.

Berth Liner Service : Berth Liner Service is a regular scheduled steamship line with regular published schedules (port of call) from and to defined trade areas.

Berth or Liner Terms : Is an expression covering assessment of ocean freight rates generally implying that loading and discharging expenses will be for ship owner's account, and usually apply from the end of ship's tackle in port of loading to the end of ship's tackle in port of discharge.

Best's Reports : Financial reports of insurance companies, published annually, and including rating of insurers, financial data, and underwriting results.

Betterment : Improvement in a property which is considered to add to its value, as distinguished from repairs or replacements where the original value of the property is unchanged.

Beyond economic repair : Where the cost of repairing the insured property, eg a car, exceeds the market value of that property. In such circumstances the insurer will pay the insured the market value of the insured property at the date of loss, subject to the terms of the policy (assuming the insurer is not under any obligation to provide a replacement).

Bhagyashree Child Welfare Insurance : This scheme applicable only to girl children provides for an insurance cover to ONE Orphaned girl child in a family who loses either the father or the mother only due to accident. The scheme broadly provides that in case of such an orphaned girl child who is below the age of six, a fixed amount will be given for looking after the needs of the child to the parent who is alive/the guardian in case both the parents die, till the child attains the completed age of six. This will not be applicable in case of the girls who are more than six years of age at the time of taking the policy. Thereafter, from the age of six to twelve, the girl will get a fixed amount as scholarship, provided that she is admitted in a school and expenditure is incurred on her education. From the age 12 to 18, the girl child will get double the amount as scholarship. After attaining the age of 19, she will get a fixed lump sum either to pursue her own chosen profession, or for carrying on her higher education, or to settle down in case the girl child gets married.

Bhavishya Arogya Insurance : The Policy provides for hospitalization expenses to commence from a pre-determined (retirement) age. The premium when paid annually continues up to the selected age when the benefits commence. The premium can also be paid in single installment. The benefits payable are up to sum insured during the Policy period, with an inner limit per illness.

Bid : A proposal or offer.

Bid Bond : Refer : "Bond, Bid Bond".

Bilateral Contract : A contract where there is an exchange of a promise for a promise. Insurance contracts are always bilateral contracts.

Billed Claims, Health : The amounts submitted by a health care provider for services provided to a covered individual.

Bill of Exchange : It is the bill drawn by exporter against the importer.

Bill of Lading or Consignment Note :A document that establishes the terms of a contract between a shipper and a transportation company under which freight is to be moved between specified points for a specified charge. Usually prepared by the shipper on forms issued by the carrier, it serves as a document of title, contract of carriage and a receipt for goods. Also, see Airway bill and Ocean Bill of Lading.

- **Bill of Lading, Claused :** Bill of Lading, which has been endorsed by the ship owner, as the goods described thereon do not conform to what is offered for shipment e.g., package missing, inadequately packed.
- **Bill of Lading, Clean :** A bill of Lading is said to be clean if it has no superimposed clause expressing of any defective of the packaging or of goods.

Bill of Sale : A written instrument whereby one person transfers his title and interest in personal property to another.

Binder : Preliminary agreement by an underwriter, or Agent or broker with binding authority, to provide specified coverage until a Policy can be delivered. A temporary agreement that coverage is in effect.

Binding Authority : An authority given by an insurer to an agent to accept risks on the insurer's behalf.

Binding Clause : A clause in the SG form of marine policy in which the underwriters bind themselves and specify their respective liabilities

Binding Receipts : A receipt for a payment of premium with the application which binds the Company on the contracts if the risk is approved as applied for.

Binomial Distribution : A mathematical probability distribution in which an event either occurs or does not occur, as in a distribution of "heads" in a coin-flipping experiment.

Bio Gas Plant Insurance Scheme : The policy covers loss and/or damages due to fire, lightning, explosion/implosion, riot, strike, malicious damage, impact damage, flood etc, earthquake etc and subsidence landslide including rockslide damage. The policy to cover value of the plant viz., digester + Gas holder + construction cost depending on type and cubic capacity.

Birthday Rule, Health : One method of determining which parent's medical coverage will be primary for dependent children; the parent whose birthday falls earliest in the year will be considered as having the primary plan.

Blanket : In property and liability, used to designate insurance that extends to more than one location or one class of property or one employee.

Blanket Bond, Fidelity Bond : Refer : "Bond, Blanket Bond / Fidelity Bond".

Blanket Contract : A contract of health insurance affording benefits, such as accidental death and dismemberment, for all of a class of persons not individually identified. It is used for such groups as athletic teams, campers, travel policy for employees, etc.

Blanket Coverage : Property Insurance that applies a single Policy limit to many types of property at one location or property at two or more locations. Blanket coverage permits property to be moved from one covered location to another without changing the amount of protection.

Blanket Crime Policy : A policy which provides coverage for employee dishonesty, loss of money and securities inside and outside the premises, depositor's forgery, loss of money orders, and counterfeit paper currency. A single limit of insurance applies to all coverage.

Blanket Expenses Policy : A Policy or provision which pays all expenses for some type of disability, medical, nursing, surgical, hospitalization, X-ray etc.

Blanket Insurance : A form of property insurance that covers, in a single contact, either multiple types of property at a single location or one or more types of property at multiple locations.

Blanket Medical Expense (Health) : A provision which entitles the insured person to collect up to a maximum established in the policy for all hospital and medical expenses incurred, without any limitations on individual types of medical expenses.

Blanket Mortgage : A single mortgage which covers more than one price of real estate.

Blanket Policy : Insurance with broad coverage frequently used in burglary and Fire Insurance. A Policy used to cover a number of individuals such as an athletic team, passengers in a certain aero plane etc. An Insurance Policy which covers several different properties or exposures under one form, instead of under separate items.

Blanket Rate : Uniform property Insurance premium rate applied to coverage at multiple locations or to insured under a blanket Policy as a substitute for specific rates for each location or type of property.

Blasting and Explosion Exclusion : Exclusion of liability for damages from blasting or explosions.

Blind Treaty : Refer : "Reinsurance, Blind Treaty"

Block Limit : The maximum value that an insurer will cover in respect of a given city block.

Block Limits : The maximum amount of Insurance that an Insurance Company will write in any one city block. This reduces the risk of large losses in case of a Fire that burns the entire block.

Block Policies : A type of inland marine insurance usually offering all-risk coverage to "floating" property, i.e., property subject to being moved from one location to another. An "All Risks" Policy issued to certain trades, e.g., Jewellers Block Policy.

Block Policy : A Policy covering all the property of the insured (usually a merchant) against various perils, including losses during transportation. It may also cover property of others held by the insured as consignment sold but not delivered, or held for repairs or otherwise. It usually covers both property on and off the insured premises e.g., Jewellers' Block Insurance, Musical Instruments Dealers Insurance, and Equipment Dealers Insurance.

Block Rating : Refer : "Reinsurance, Block Rating."

Blood Stock Insurance : Policies relate to horses used for racing and breeding purposes and provide cover in respect of loss of animals by death due to accident, illness or disease whilst within the specified geographical area (including transit therein).

Blowout and Cratering : These are industry terms having to do with accidents that can arise from drilling operations. Generally, they are either excluded under the Liability Policy or can be added by endorsement for an additional premium depending upon the judgment of the underwriter.

Blue Cross : An independent, not for profit membership corporation providing protection against the costs of hospital care in USA.

Blue Shield : An independent, not for profit, membership US corporation providing protection against the costs of surgery and other items of medical care in USA.

Board Insurer : Refer : "Bureau Insurer."

Bobtailing : Using the truck-tractor after unloading the trailer and not driving for trucking purposes.

Bodily Injury : In Personal accident Insurance 'BODILY INJURY" **:** shall be deemed to mean Bodily injury resulting solely and directly from Accident caused by outward violent and visible means. This strictly rules out mere shock, fright or grief. However, in

Workmen's compensation, health and liability insurance the term may extend to cover physical injury, including sickness, disease, mental injury, shock or death. Injury to the body of a person. The term is usually specifically defined in liability as workmen's compensation, personal accident and health Insurance policies and there are variations in individual definitions. Compare with "Personal Injury."

Bodily Injury Liability : The responsibility which may arise from injury to life or health of another individual or individuals.

Boiler : A heating plant used to generate steam or hot water.

Boiler and Machinery Insurance : Coverage for loss arising out of the operation of pressure, mechanical, and electrical equipment. It may cover loss to the boiler and machinery itself, damage to other property, and business interruption losses.

Boiler Explosion (Boiler and Pressure Plant) Insurance : Refer "Engineering Insurance : Boiler Explosion (Boiler and Pressure Plant) Insurance."

Bond : Three Party Contract guaranteeing that if one person, the Principal Obligator, fails to perform as specified or proves to be dishonest, the person to whom the duty is owed, the Obligee, will be financially protected by the Insurer of the Bond, i.e., the Surety.

1. **Bond, Administration :** A bond which is furnished by the executor or administrator of an estate. It guarantees that the estate will be settled in accordance with the terms of the will, or, if there is no will, in accordance with the law. It guarantees the fidelity of the executor or administrator.

2. **Bond, Arrest :** Type of a business Insurance. A written promise signed by Insurance Company to pay the an amount fixed by the Court should the defendant being released on bail fail to appear in court for the designated criminal proceeding at the date and time specified.

3. **Bond, Bid** : Contractors wishing to tender for large contracts are required to securities called tender or bid money. This sum is liable to be forfeited in case the contractor is unable to accept the contract awarded to him on the basis of his tender. Bid-bond guarantees that the contractor will enter into the contract if it is awarded to that the contractor will enter into the contract if it is awarded to him, and furnish such contract bond as is required by the terms of the bond.

4. **Bond, Blanket Bond / Fidelity Bond** : A fidelity bond that offers a uniform amount of coverage on all employees for losses to an employer by dishonest acts of his employee or employees.

5. **Bond, Completion** : A guarantee of performance in the form of a fidelity or guarantee Company bond upon payment of a premium. This is also a type of bond issued to a mortgagee. It guarantees that the construction for which the mortgagor has borrowed money will be completed and will be able to serve as collateral for the mortgage upon completion.

6. **Bond, Construction :** This bond protects the owner of a building or other structure under construction in case the contractor cannot complete the job. If he defaults, the insurer is obligated o see that the work is completed.

7. **Bond, Customs Continuous Bond :** Is an annual customs bond insuring compliance with all regulations and requirements.

8. **Bond, Contract :** A guarantee of the faithful performance of a construction contract and the payment of all material and labour bills incidental thereto. A bond covering faithful performance only is known as a Performance Bond, and one covering payment of labour and materials only is a Payment Bond. Refer "Guarantee, Payment Bond."

9. **Bond, Court** : These bonds are issued to the Courts by Insurers guaranteeing proper and honest discharge of duties by the officers appointed by the courts for specified purpose/s. The amount of the bond is stipulated by the court. These bonds include administration bonds, liquidator's bonds and receivership bonds.

10. **Court of Protection Bond** : A bond given to the Court of Protection in respect of a person responsible for the affairs of a mentally incapacitated person.

11. **Bond, Custom House :** Bonds required by Custom Authorities in connection with the payment of duties or the production of bills of lading.

12. **Bond, Customs** : The customs bonds are executed in favor of the controller of Imports and Exports guaranteeing proper an honest discharge of duties and responsibilities by the person guaranteed.

13. **Bond, Deferred Payments** : Bonds issued to the lender of money guaranteeing return of money by the loanee at some future date.

14. **Bond, Deposit :** Guaranteeing payment of bonds to depositors in accordance with the terms of a deposit in a bank.

15. **Bond, Earnest Money** : Refer : "Bid-bond."

16. **Bond, Excise** : A contract of fidelity guarantee guarantees that if the employer suffers any direct financial loss arising out of dishonesty, default, embezzlement, forgery, fraud, larceny on the part of the employee(s) insured, the Insurers shall indemnify the said loss to the employer within the limitations prescribed by the Policy.

17. **Bond, Fiduciary :** Fiduciary bonds provide indemnity if trustees, receivers, executors and administrators controlling property through court order do not faithfully and honestly perform their duties. Similar to Court Bonds.

18. **Bond, Financial Guarantee** : A guarantee that others will pay sums of money due. A Sales Tax Bond, for instance guarantees the state that the merchant will pay his sales taxes on time and in full.

19. **Bond,Forgery :** Protection against the forgery or alteration of instruments such as cheques, drafts and promissory notes purported to have been written by the insured.

20. **Bond, Growth Bond** : A form of guarantee bond providing capital growth on maturity.

21. **Bond, Guarantees Appearance of Individual Answering a Court Summon**. The bonding Company or individual pays the amount of the bond to the court if the summoned individual does not appear when required.

22. **Bond, Hire Purchase Guarantee** : The cover is in respect of articles sold by financing institutions on hire-purchase basis and the Insurance is against default by hires. The Insurer undertakes to indemnity the insured against a certain percentage of such net pecuniary loss as the insured may sustain by reason of the hirer and his guarantor failing to pay a part or whole of the amount due by the hirer to the insured under a hire-purchase agreement. Net pecuniary loss is to be regarded as the difference between the value of the article as mentioned in the relative hire-purchase agreement and the aggregate of any deposit and installments paid by the hirer and/or by the guarantor and the net sale proceeds of the article.

23. **Bond, Income Bond** : A form of guarantee bond offering guaranteed income plus lump-sum benefits.

24. **Bond, Justice of the Peace**: Bond issued to judicial officers of inferior rank who hold courts not to record and are limited in civil and criminal jurisdiction. The bond covers the faithful performance of the ministerial functions and not his judicial function.

25. **Bond, License** : Required by law as conditions to be fulfilled to obtain a license for a particular business or a permit to exercise some specific privilege.

26. **Bond, Maintenance** : A Bond guaranteeing against defects in workmanship or materials for a stated time after the acceptance of the completed work. Two years is a common term for a construction bond.

27. **Bond, Payment Bond :** A guarantee of the faithful performance of a construction contract and the payment of all material and labour bills incidental thereto. A bond covering payment of labour and materials only is a Payment Bond and a bond covering faithful performance only is known as a Performance Bond. Refer “Guarantee, Performance Bond.”

28. **Bond, Performance Guarantee** : While awarding important contracts, the employer often takes precautionary measures to protect his interest against the possible failure of the contractor to perform the work in question. Usually the contractor is asked to deposit in cash or approved securities a certain amount based on the contract value called security deposit which is liable to be forfeited at the discretion of the employer in the event fo the contractor failing to complete the work in accordance with the terms of the contract. The performance bonds issued by the Insurers are accepted by the employers in lieu of the security deposit. The Insurer guarantees to pay a stated amount in case the contractor fails to complete the contract as per terms of the contract.

29. **Bond, Permit** : A type of bond guaranteeing that the person to whom a permit is or is to be issued will comply with the law ordinance regulating the privilege for which the permit is issued.

30. **Bond, Position** : A type of bond covering all person occupying stated positions.

31. **Bond, Public Official** : A surety bond under which the company (surety) guarantees that the principal (public official) will faithfully perform his official duties and will account for all funds entrusted to his care.

32. **Bond, Retention Bonds** : Refer "Bid Bonds."

33. **Bond, Surety :** A non-Insurance transfer under which a surety guarantees that principal will carry out some expressed obligation to an obligee. If the principal fails to do so, the surety compensates the obligee in some way and then tries to recover its loss from the principal.

34. **Bond, Title Guarantee** : Under the Policy an agreement binds the Insurer to indemnify the insured for such losses as specifically delineated by reason of defects in the title real estate providing there are no exceptions listed on guarantee.

Bonded Price : In the case of gods which are customarily sold in bond, the bonded price is deemed to be the "gross value." The bonded value is the value before duty is paid, of goods which are placed in warehouse under customs control. If damage goods are sold in bond, then for the purpose of ascertaining depreciation, the damaged value (bonded price) must be compared with the sound value (also bonded price) as prevailing on the date of sale.

Bonded Warehouse : A Warehouse storage area of manufacturing facility in which imported goods may be stored or processed without payment of customs duties.

Bonding Company : A company approved by the Regulator for the issue of bonds such as those necessary to effect the release a ship from arrest. (U.S.).

Bonus / Malus clause : For the claim-free period there is a discount allowed, called 'bonus' applied on the renewal premium. Whenever the insured lodges a claim in his Policy, the renewal premium for his Policy is to be loaded by a fixed percentage which loading is called 'malus'.

Bonus : The benefits paid in addition to the sum insured. The system awards discounts for claim free policy/ies for a certain continuous period. This goes on increasing up to a certain limit for continuous claim free years.

Bonus Cumulative : The benefits of sum insured is increased by certain percentage on every renewal of the Policy up to a maximum limit. The benefit is lost if the Policy is not renewed within a specified time period. This type of benefit is available in individual personal accident Policy.

Bonus Hunger : The reluctance of policyholders under an No Claim Discount system to notify claims or claim amount when faced with a potential increase in premiums.

Book Debts Insurance : Insurance against loss through inability to collect debts due because accounting records have been destroyed.

Book Depreciation : The amount reserved upon looks of record to provide for the retirement or replacement of an assets.

Book Slip : A Broker's Slip, comprising a number of pages in which periodic accounting details and/or endorsements can be entered, thereby maintaining a record of items taken down and/or noted.

Book Value : Refers to the value of assets as shown in the official accounting records of the company.

Bordereau : Refer : " Reinsurance, Bordereau : (Plural Bordereaux)"

Borderline Risk : An insurance prospect of doubtful quality from an underwriting point of view to put it in one among two group of risks.

Both to Blame Clause : Under a contract of affreightment cargo is normally carried at the risk of the cargo owner who insures it. Where a collision between two ships damages the cargo, and both ships are to blame, the cargo owner will sue the third party ship owners who, by the law of some countries, can then recover part of the cargo claim from the carrier in whose ship it was carried. The Both to Blame Collision Clause in the contract of affreightment allows the ship-owner in these circumstances to obtain reimbursement from the cargo owner. The Both to Blame Collision Clause in a marine cargo policy indemnifies the cargo owner for such a payment.

Bottom : The Vessel carrying the cargo that is the subject of the original Insurance.

Bottom Treatment, Marine Hull : The insurance does not pay for the cost of scraping or painting of the vessel's bottom although damaged by a peril insured against. This is considered to be wear and tear and such expenses are regarded as essential and chargeable to running costs of shipping management.

Bottomry : A contract of Insurance by which a ship or its cargo is pledged as collateral for a loan required to support a maritime venture. In the early days of marine insurance, a ship-owner would borrow money on a mortgage on the ship, and the mortgage would provide that if the ship were lost, the borrower would not have to reply the loan. This was Bottomry, which thus combined money lending with insurance. When cargo instead of hull was involved it was called "respondentia."

Bouquet of Treaties : Refer : " Reinsurance, Bouquet Of Treaties"

Bourse : A continental exchange at which insurance is transacted e.g., at Amsterdam.

Box : An underwriter's seat and desk at Lloyd's.

Boycott : An unfair trade practice which occurs when someone in insurance business refuses to have business dealings with another until he complies with certain conditions or concessions.

Brackish Water Prawn (Shrimp) Insurance : The insurance scheme is usually offered to corporate clients and other farmers with scientific and professional management backed by up the modern machinery with integrated farming. Corporate clients may or may not have Hatchery / Nursery unit. Then (i) Blood Stock Insurance – Hatchery Unit – insurance of blood stock comprising of male and female Gravid prawns for a period of 2 months subject to limiting the indemnity to 80% of the assessed loss. (ii) Nursery Unit : Insurance to cover from Egg stage to PL 20 (30 days) or PL 40 (50 days) as the case may be. Respective survival rate for each stage has to be worked out and incorporated in the schedule. Every hatchery may be issued declaration policy for each batch. (iii) Grow Out Prawn Ponds (iv) Fresh Water Ponds (Semi-intensive) (v) Tank Bunds / Embankment. Shell disease loss due to algal bloom is covered.

Brackish-water Prawn Insurance scheme : To provide Insurance cover against total loss of prawn nursed seeds in brackish water only. The period of cover to be four and half months from the date of stocking of post larvae. Where the crop period extends beyond four and half months, policy may be extended to a maximum of one fortnight. Value of 9th forthnight shall be the maximum sum insured. The policy covers total loss or destructions of prawns due to summer kill, pollution, poisoning, riot and strike, malicious acts of third parties, earthquake, explosion/implosion, storm, tempest and other convulsions of nature, shell disease, vibriosis, aero monas,

celiades and other viral form of epidemics and /or parasitical attacks, terrorism and aircraft and articles dropped therefrom including impact damage. Policy can be extended to cover the bunds/sluice gates. Where the loss of prawns is so extensive in one incident that the recovery/residual catch during a single crop period from a particular farm/tank falls below 20% of the expected survival of prawns at that stage, such claims to be considered as total loss. Collective loss in 2 or more incidents not to be treated as total loss and only prawns lost in the latest incident will be considered for claim. Claims to be paid to the extent of 80% of the value at corresponding stage subject to salvage, if any. For example, if the residual catch is 15% then the claim for total loss would become payable to the extent of 80% of 85%.

Branch Manager : An executive who manages a branch office for an insurer or an agency.

Branch Office : The first office to come in contact with the clients. Is primarily concerned with the development and administration of business and servicing the Agents and clients.

Brands Clause : Different wordings used by different insurers. Version I stipulates that I the event of damage interests insured being a brand or trademark which in any way caries or implies a product guarantee or warranty of quality, the salvage value of the interest insured is to be determined after removal of all brands and trademarks. Where the interests there are in containers from which ands or trademarks cannot be removed the salvage value to be is to determine after interests have been transferred to plain containers. Where it is reasonable impractical to remove or destroy all evidence of the brand the insurer agrees to consult with the insured in respect of action to be taken. Another version stipulated that the assured shall have full possession or control of all damaged goods bearing embossed or identical brands or labels or other permanent markings provided such damage is recoverable under the terms and conditions of this policy although the insurer shall have the benefit of any salvage obtained from such action.

Breach : The art of breaking used in such phrases as Breach of Conduct, Breach of Privilege, Breach of Warranty. Etc.

Breach of Condition : When a condition of the insurance contract is broken by the assured, the insurer may avoid the contract from inception.

Breach of Contract : Failure to comply with the terms or conditions incorporated in an insurance policy, frequently resulting in a restriction of coverage or a voiding of a policy itself.

Breach of Contract Cover : A form of credit insurance effected by a company to protect another against loss through failure of the company to complete contractual obligations of a financial nature.

Breach of Good Faith : A non-disclosure of misrepresentation of a material circumstance, by an assured, reassured or broker, during negotiations leading to the conclusion of the contract, whereby the underwriter is misled in his appreciation of the risk.

Breach of Statutory Duty : In the case of many statutes a breach of a duty imposed by the statute gives a right of action in tort to a person injured by the breach.

Breach of Warranty : Refer "Warranty."

Breach of Warranty Endorsement, Aviation : An endorsement to extend cover under an aircraft hull insurance to protect the interest of the mortgagee or lessor of the hull

even if the insured has been guilty of an act or omission that would invalidate his own cover.

Break - up Risk : Insurance to cover the Hull and Machinery of a Vessel that is proceeding on its last voyage to a break-up yard.

Breakdown Insurance : Breakdown Insurance covers Electrical Plant, Oil Engines, Steam Engines and Pumps and Air Compressors which are the main classes of a plant. Breakdown means the breaking of any pat of while the plant is running which causes a sudden stoppage and necessitates repairs before work can be resumed. Under this Insurance wear and tear and certain types of failure peculiar to some kinds of plant are excluded.

Breakdown Insurance : A form of motor insurance covering the expenses incidental to the breakdown of a car, such as towage, hire, getting the car home, and hotel expenses.

Breaking Arrears : Applying advance payments of one Policy owner to another Policy owner's arrears. it is a falsification of records and a form of embezzlement.

Breaking the Warranty : A breach by the insured of a warranty in an insurance policy which requires him to do, or not to do, something.

Break-Up Basis : A valuation basis which assumes that the writing of new business ceases. Also known as a wind-up basis.

Brick Construction : Construction made of brick and mortar and thus more Fire resistant that wood construction.

Brief : A statement prepared by an attorney to highlight the principal issues of his case.

British Insurance Association : The British Insurance Association was founded in 1917. It includes a membership of over 200 companies established in Britain. Its main object is the protection of, the promotion and the development of the common interests of all classes of Insurance.

British Thermal Unit : The amount of heat required to raise the temperature of one pound of water one degree Fahrenheit.

Broad Form Nuclear Energy Liability exclusion Endorsement : A form which must be attached to every General Liability coverage part. It excludes coverage for any loss resulting from the hazardous properties of nuclear material related to the operations of a nuclear facility.

Broad Form Perils : A property insurance designation for coverage that extends beyond the basic named perils.

Broad Form Personal Theft Policy : Theft coverage on personal property at private residences, usually on an all risk basis. This type of coverage is most often part of a Householders Policy.

Broad Form Property Damage Endorsement. An endorsement to a General Liability policy that deletes the exclusion referring to property in the care, custody or control of the insured and replaces it with a less restrictive exclusion.

Broad Form Storekeepers Insurance : A form of coverage for small storekeepers. It includes several specific crime perils on the same basis as Burglary Policy plus all-

risk protection on money and securities, depositors' forgery and a small limit on employee dishonesty.

Broad Theft Coverage Endorsement : This form may be attached to a dwelling policy to provide theft coverage for a named insured who is an owner-occupant.

Broadcast Burning : An intentional burning in which fire is meant to spread over a specific area.

Broker Agent : Person or organization who acts as both a broker and an Agent in different transactions.

Broker Direct, Reinsurance, Composite : **A Direct Broker** licensed by the Authority to act as such, for remuneration carries out the functions either in the field of life insurance or general insurance or both on behalf of the clients. **Reinsurance Broker** : is one who for remuneration arranges reinsurance for direct insurers with insurance and reinsurance companies. **Composite Broker** : is one who for the time being licensed by the Authority to act as such for a remuneration arranges insurance for its clients with insurance companies and/or reinsurance for its clients. Brokers are not tied to only one Insurance Company (Life or General / Health) but could deal with various companies, depending on the need of the client. **Requirements** : The insurance Broker can be a proprietor / proprietary concern, a partnership firm, a company formed under the Companies Act, 1956, a Cooperative Society registered under the Cooperative Society act, 1912 or under any law for the registration of cooperative societies or any other person recognized by the Authority to act an insurance broker. The Principal Officer who possesses the minimum qualification and insurance Booker examination is the Chief Executive officer of the Broking Company to exclusively carry out the functions of an insurance broker. Functions include placing business, risk management, consultancy, assisting in claims, maintaining underwriting and claims records. The Principal Officer and persons soliciting and procuring business shall undergo at least 100 hours of theoretical and practical training from an Institution recognized by the Authority and pass an exam, at the end of the period of training conducted by National Insurance Academy, Pune. The applicant seeking to become an insurance broker shall have minimum amount of capital (a) Direct Broker – Rs. 50 lacs (b) Reinsurance Broker – Rs. 200 lacs (c) For Composite Broker – Rs. 250 lacs. The business of the insurance broker shall be carried out in such a manner that, not more than 50% of the premium (quantum, receipts, etc., as the case may be) in the first year of the business, 40% of the premium in the second year of the business and 30% of the premium from the third year of business onwards shall emanate from any one client. Every insurance broker shall before the commencement of the business, deposit and keep deposited with any scheduled bank a sum equivalent to 20% of the initial capital in fixed deposit, which shall not be released to the broker unless approval is obtained from the Authority. Every insurance broker shall take out and maintain and continue to maintain a professional indemnity insurance cover throughout the validity of the period of the licence granted to him by the Authority.

Broker of record : Broker designated by an insured to handle certain Insurance contracts for that insured.

Brokerage : The business of a broker. Also, the fee / commission paid to a broker who arranges Insurance.

Brokerage Department : A department of an insurer whose purpose is to deal with brokers in the placing of business.

Broker's Float : Refer "Float".

Broker's Open Cover : Refer : “Reinsurance, Broker's Open Cover.”

Brussels Tariff Nomenclature Number (B.T.N.) : The customs tariff number used by most European nations. The United States does not use the BTN, but a similar system known as the Harmonize Tariff Schedule.

Builder's Risk Insurance : A variation of property coverage specially applicable to construction projects. It is commonly written in an amount to cover the value of the structure when completed. The premium charged takes into account that values at risk increase gradually over the term of the Policy.

Builders Risks Policy, Marine Hull : The Policy covers vessels under construction from the time of laying the keel until the time of delivery (including trails) to the buyers. The conditions are those contained in the Institute Clauses for Builders’ Risk dated 01.06.1986. The policy period can be longer than 12 months and the sum insured should the actual completed value or contract value, whichever is higher.

Building Code : Refers to municipal or other governmental ordinances regulating the type of construction of buildings within its jurisdiction.

Building Rate : A Fire Insurance term which refers to the rates as buildings rather than as the contents of the building. Refer :"Contents rate."

Bulk Oil Clause, 01.02.1983 : Along with most of the major risks that are covered under ICC (B), the bulk Oil Clauses also cover leakage of oil from connecting pipelines in loading, transshipment or discharge and also loss or contamination of oil caused by negligence of master, officers and crew in pumping cargo, ballast or fuel. Also contamination due to stress of weather is covered. Claim for leakage and shortage recoverable under the insured is subject to adjustment clause. Insurance attaches from the moment cargo leaves the tanks for loading onto vessel and time limit of delivery to the final point of delivery is 30 days only.

Bulk Reserves : A liability for losses with or without LAE or ALAE not attributable to specific claims.

Bullion : Refers to precious metals, such as gold, in the form of ingots or bars.

Bumbershoot Policy : A liability policy similar to the Umbrella Policy which includes coverage related to Ocean Marine risks. In addition to General Liability coverage, Protection and Indemnity can be provided, as can Liability under the Workers Compensation Act. Collision coverage can be provided and general average and salvage charges can be included. A shipyard would be interested in a Bumbershoot Policy.

Bund Insurance : (For use as Fisheries in Pond) : Fisheries in pond insurance can be extended to cover Bunds / sluice gates etc against natural perils. The minimum height of the bund should be 8 feet from the ground level from the surrounding land area in on-flood prone areas and the width of the bund at the top level should be 6 feet wide, from the water level it should have minimum 1 meter height. In flood prone areas, the minimum height of the bund should be 12 feet from the ground level and the minimum width of 6-8 feet at the top level. There would be one year waiting period for bunds. The cover for bunds to be extended only after one monsoon with the crop on. Flood and bund cover is to be given only after first crop is over.

Bunker : Ship space for storing fuel (coal, oil, etc.)

Bureau : A cooperative ratemaking body, which is supported by member companies; the member companies agree to abide the rates published by the bureau

Bureau, International Maritime : To answer to the problem of international maritime frauds a non-governmental body known as "the International Maritime Bureau" was formed in London in 1981. Four services are offered which have a preventive function : (i) education service to supplement members' present training programmers on the prevention of maritime fraud; (ii) providing of general information through the regular publication of a bulletin containing latest developments in various parts of the world; (iii) advisory services on whether potential trading partners are known to have previously been involved in fraudulent or suspect practices; and (iv) authenticating trading documents for banks and others that may need such assistance.

Bureau Insurer : Insurer that is a member of a rate and form advisory service (or "Bureau") and uses the Bureau's Policy forms and premium rates for most of its Insurance policies.

Bureau Rate : Insurance premium rate which is computed and published by a rating bureau for the advice of, and possible use by, Insurers affiliated with that bureau.

Bureau Rating : An organization that classifies and promulgates manual rates and in some case compiles data and measures the hazards of individual risks in terms of rate in geographic areas, the latter being true especially in connection with property insurance.

Burglary, Defined : Theft of the property following felonious entry into the premises by violent and forcible means, or theft by a person in the premises who subsequently breaks out by violent and forcible means. The use of force and violence need not be against property only-it can also be against the person or an individual.

Burglary Insurance Policies :

1. **Burglary : AccompaniedBaggage Policy, :** The subject matter insured is accompanied baggage whilst in transit with the passenger under ticket or luggage under ticket. The risk covered is all risks subject to stipulated exclusions.

2. **Burglary : All Risks Policy :** It is an all risks Policy in the sense that it covers loss or damage by theft or burglary or by Fire and allied perils or by any other accidental or fortuitous circumstances. The Policy is especially suited for jewellery, valuables, watches, clocks, cameras, furs and similar article.

3. **Burglary : Business Premises Policy :** Policy providing protection on the contents of office, shops, godowns factories, etc against perils of burglary, housebreaking. The Policy covers not only loss of the insured property, but also damages to such property and damage to the premises caused by burglars.

4. **Burglary : Cash-in-Safe Policy :** Providing protection on cash secured in a locked safe during the night, i.e., outside the business hours, against loss of cash due to burglary, house breaking. Riot, strike, terrorism, robbery and/or dacoity perils may also be insured.

5. **Burglary : Combined Fire and Burglary InsurancePolicy :** The Insurance provides protection on the contents of office, shops, godowns, factories, etc, against perils of burglary, housebreaking, theft, Fire, lighting and other allied perils. Fire and allied perils are covered against the contents only and not against the building.

6. **Burglary : Declaration Policy :** A burglary declaration Policy is one where the sum insured does not remain fixed and it varies according to the fluctuation in the value of the insured property. Such a Policy is customarily issued in respect of commodities like food-grains, cotton, jute, rubber etc., where the fluctuation in values takes place very frequently. The proposer has to state in advance the likely maximum value of stocks at any point of time. The Insurance is made for this amount. A provisional premium equivalent to 100% of the annual premium payable on the maximum value is charged at inception. The insured has to declare every month the value of the stocks held by him during the preceding 30 days immediate to that date. After expiry of the Policy the average of the monthly declarations is taken and the actual premium is obtained by applying the rate of premium on the average value. The provisional premium is adjusted against the actual premium, any shortfall being met by the insured by an additional payment and any excess being refunded by the Insurer subject to a minimum retention of the certain percentage (usually 50%) of the provisional premium paid.

7. **Burglary : First Loss Policy**: There are certain bulk commodities stored in loose form like sulphur, rock phosphate, etc as also heavy machinery the total loss of which is practically impossible. The proposer in such cases desires that since the maximum probable loss is unlikely to exceed a certain percentageof the full value, the property may be insured for a sum representing that percentage only. If the insurer agrees to such a request, "first loss" policy (also known as "partial value" policy) is issued. The policy insurer the property for a specified Amount only, which is estimated to be the maximum likely loss on any one occasion. The sum insured is expressed as a percentage of the full value, say Rs. 25 lacs being 25% of the full value of Rs. 100 lacs. Since the policy is not "full value policy" the pro-rata condition of average is applied in a different manner. In the event of the total value of stocks at risk at the time of loss be greater than the total value declared the insured shall be considered as being his own insurer for the difference and shall bear a rateable share of the loss accordingly.

8. **Burglary : Floating Policy:** Covering more than one location under the sum insured. However, the subject matter of Insurance has to be identical in all locations, and the locations should be in the same city, town or village.

9. **Burglary : Full Value Policies :** A full value policy covers the goods insured for their full value. In reckoning full value, considerations of profit are to be excluded. Can be "non-declaration" and "declaration" policy.

10. **Burglary : Jewellery and Valuable InsurancePolicy :**The protection is available on jewellery and valuables against risk perils of theft, burglary and housebreaking. The cover is not operative whilst the jewellery is worn on the body of a person.

11. **Burglary : Non Declaration Full Value Policy :** Where full value is indicated at inception and premium is charged on the value indicated. Any increase or decrease in sum insured is to be effected by endorsement and premium charged or refunded at short period scale. Suitable for insuring property the value of which is likely to remain more or less stable during the period covered by the policy.

12. **Burglary : Policies Based on Inventory and Valuation**: The policy is issued with proviso to settle claims by incorporating an "inventory and valuation clause" in the policy which provides that (i) an inventory and valuation of the contents should be carried out by a professional valuer, (ii) the value set opposite to each item by the valuer is accepted as the value of the property on the date of valuation and the

claims would be settled without insisting on any other evidence s to value or cost. The clause however provides that a reasonable allowance for appreciation or depreciation of the value should be allowed within the limit of the sum insured.

13. **Burglary : Private Dwellings Policy :** The theft risk is also covered in addition to burglary and housebreaking risks. The total contents are to be insured for their full value and should be divided into (i) furniture and general household goods. (ii) personal effects of every description, and (iii) jewellery and valuables.

14. **Burglary : Valued Policies :** Valued policies or agreed valued policies are contracts where the sum insured is deemed to be the actual value of the property insured throughout the currency of the insurance. Claims of total loss are settled without any adjustment which may arise on considerations such as adequacy of the sum insured, market value etc. Usually issued for valuables, paintings, pictures, curious, antiques and other works of art.

Burning Cost : The actual cost of claims paid or incurred during a past period of years expressed as an annual rate per unit of exposure. This is sometimes used, after adjustment for inflation, as a method of calculating premiums for certain types of risks or monitoring experience, e.g., motor fleets and non-proportional reinsurance. Also Refer : “Reinsurance, Burning Cost.”

Burning Ratio : (i) Ratio of losses suffered to the amount of insurance in effect. (ii) Ratio of actual Fire loss to the total value of the property that could burn. (iii) Ratio of loss by Fire to Fire Insurance in force.

Business : The volume of premium written.

Business Coalition : A Group that has made statistical analyses and other efforts to control health care costs through combining businesses in a city or region to enhance medical care purchasing power and identify low cost providers.

Business Income Coverage : Insurance protection the income derived from an insured’s business activities when curtailed peril. Coverage includes reasonable extra the insured undertakes to expedite return to business operations.

Business Insurance : Policies written for business purposes, such as key employee, sole proprietorship, partnership and corporation.

Business Interruption : Temporary shutdown of an organization's activities due to physical damage to its property or others property.

Business Interruption Insurance : Business Interruption insurance for a business owner against losses resulting from stoppage of business because of fire or other insured peril. The insurance provides reimbursement for lost net profits which would been earned during the period of interruption and necessary standing expenses such as salaries, taxes, rents and other necessary continuing expenses during this shutdown within the limits of the Policy.

Business Interruption Value: Amount of business interruption Insurance necessary in order to provide for paying in full or any reasonable foreseeable business interruption loss.

Business Interruption, Contingent : Temporary shutdown of an organization because of damage to another organization which is a major supplier or customer. For instance, if an organization sells all of its products to one customer, and that customer suffers

a Fire which prevents it from using these products, then the supplier has suffered a contingent business interruption loss.

Business Liability : The term used to describe the liability coverage provided to the Businessmen. It includes liability for bodily injury, property damage, personal injury, advertising injury and fire damage.

Business Net Retention : This term represents the percentage of a company's gross writings that are retained for its own account. Gross writings are the sum of direct writings and assumed writings. This measure excluded affiliated writings.

Business Owner's Policy (BOP) : A package of property and liability insurance for small and medium size businesses**.** Refer Shopkeepers Policy. Also refer Office Umbrella Policy.

Business Personal Property : A term relating to "contents" of a commercial enterprise, it may include furniture, fixtures, machinery and equipment as well as stock, all other chattels owned by the insured, and even use interest in building improvements and betterments.

Business Risk Exclusion : Also known as the (Product) Failure to Perform Exclusion. In Products Insurance, no coverage is provided for a product that does not meet the level of performance, quality, fitness, or durability warranted or represented by the insured. Coverage is provided, however, if liability results from a Bench Error or an Active Malfunction.

Businessman's All Risks Insurance Policy : A personal package policy designed for executives and/or businessman. Policy covers (I) Laptop/portable computer due to any unforeseen loss or damage due to any cause whilst anywhere in the world, subject to an excess. (II) Cellular Phone : Loss and/or damage including theft, burglary, malicious or accidental damage (III) Loss of Cash : Loss of cash due to accident or misfortune when the insured is on official duty or on outstation tour subject to a maximum per event limit (IV) Baggage Insurance : Loss or damage to baggage due to accident or misfortune whilst on journey anywhere in the world (V) All Risks for Jewellery and Valuables (VI) Personal Accident (VII) Health Insurance (VIII) Personal Liability.

Buy and Sell Agreement : An agreement made between the owner of a business and a potential purchaser of that business. The agreement is made while the owner of the business is alive. In the event the owner becomes totally or permanently disabled and/or dies, the agreement goes into effect. This allows the owner to protect himself or herself against the risk of loss due to the inability to sell the firm for its full value.

Buy Back Deductible : A deductible which may be eliminated for an additional premium in order to provide full coverage.

Buyer's Interest Insurance Clause, Marine Cargo, Contingent Cover : As in seller's interest this too is a contingent cover. In protects only the interest of the buyer, following a loss or damage to the cargo insured, which as per terms of sale, he is not obliged to insured. In a shipment on FOB/C & F/ FCA or other similar terms where the buyer is not responsive to insured the whole or part of the inland transit before FOB point. Under buyer's interest he may still insured on contingent basis. This will not amount to double insurance and the existence of this insurance is not to be made known to the seller or his insurers. If a buyer has suffered a monetary loss (in

case of advance payment) as a result of loss or damage before the “risk transfer point” and the seller or his insurers refuse to pay the claim, buyer can have recourse to this insurance. Subrogation applies. This insurance will operate as “Difference in Conditions” in case of CIF contracts where the seller is obliged to arrange insurance. If any claim is not recoverable under Seller‘s Insurance policy, due to restricted coverage / absence of coverage, the claim can be made under the buyer’s insurance clause.

Buy-Sell Agreement : (01) An agreement among part owners of a business which says that under stated conditions i.e., disability or death, the person withdrawing from the business or his heirs are legally obligated to sell their interest to the remaining part-owners and remaining part-owners are legally obligated to buy at a price fixed in the agreement. (02) A similar agreement between an owner or part-owner of a business and a non-owner such as a key employee.

By Reason of or in Pursuance of a Contract of Employment (Motor Insurance) : A passenger would be carried "by reason of" his contract of employment if he is allowed by the employer to travel in the vehicle as an aid to the work of if he is ordered by the employer to travel in the vehicle. On the other hand. If the contract of employment gives a right to the passenger to travel in the vehicle as a part of service conditions, the conveyance will "in pursuance of" the contract.

C

C & F : Quoted price including cost of goods and freight Marine Insurance. The seller assumes the responsibility for carriage of goods to the agreed point of destination but does not undertake the responsibility of Insurance which responsibility is that of the buyer.

C & I : Quoted price including cost of goods and insurance. Marine Insurance. The seller assumes the responsibility for arranging insurance of during carriage from point of dispatch to the agreed point of destination/ warehouse.

C.A.A. : Civil Aviation Authority. Government body responsible for regulating U.K. Airlines.

C.A.D. / C.A.M. : Computer Aided Design / Computer Aided Manufacturing.

C.A.D. : The acronym meaning "cash against documents," a method of payment for goods in which documents transferring title are given to the buyer upon payment of cash to an intermediary acting for the seller.

Cabot-age : Cabot-age is where cargo is carried on what is essentially a domestic flight and therefore not subject to International agreements that fix set rates. Cabot-age rates are negotiable between shipper and airline and apply on flights within a country and to its overseas territories.

Cage : The transporting of goods by truck to or from a vessel, aircraft or bonded warehouse, all under customs custody.

Calendar Year : January 1 through December 31 of the same year.

Calendar Year Deductible : In health insurance, the amount of expense that must be borne by the insured during a calendar year before the health insurance policy makes payment for loss.

Calendar Year Experience : Experience developed on premium and incurred loss transactions occurring during the twelve calendar months beginning January: irrespective of the effective dates of the policies on which these transactions arose.

Calendar Year Statistics : Method of gathering data on losses, particularly liability Insurance claims, under which the claim payments made during a particular calendar-year are charged to that year regardless of when the accident giving rise to those payments occurred. Also, refer "Accident year statistics."

Calendar-Accident-Year Statistics : Refer : "Accident Year Statistics."

Calf Breeding Insurance : The policy covers (a) females calves / Heifers (cross bred or indigenous) – 4 months to 32 months of age and (b) male indigenous calves – 4 months to 24 months – sum insured as per valuation table of the insurers. Policies for female calves and male calves are issued up to a maximum age of 32 months or 24 months respectively at a stretch if premium for the entire period is paid in advance. Otherwise annually renewable policies. Policy to indemnify in the event of death of insured calves / heifers due to accident or disease during the policy period of insurance.

Call : The sum payable by a member of a Protection and Indemnity Club for his right to indemnity by the club. A call payable at the outset of each period is termed an Advanced call. Additional payments (supplementary calls) in respect of a period may be made subsequently if required to meet claims arising.

Camel Insurance : The scheme would be applicable to all Camels (Male and Female) in India and shall cover the standard Policy coverage as provided for Cattle Insurance. There is a specific exclusion viz., death of a camel due to Surra.

Cancellable : A contract of insurance that may be terminated by the insurer or insured at any time. Practically every form insurance is cancellable except Life Insurance and those Health Policies designated as a guaranteed renewable or non-cancellable and guaranteed renewable.

Cancellation : Flat, Pro-rata, or Short Rate : In a flat cancellation the full premium is returned to the insured i.e., the cancellation of a Policy as of its effective date without a premium charge. A pro-rata cancellation means the insurer has charged for the time the coverage was in force. Short rate cancellation is termination of an Insurance contract at the request of the insured prior to the expiration date where the contract provides for a premium larger than the charges applicable for the period. Thus, if the insured cancels the Policy before the expiration date, and increased charges is made because of the fixed expenses incurred by the Company.

Cancellation : The termination of an Insurance contract by an Insurer or an insured prior to the end of the Policy term. Insurance contracts give Insurers and insured varying cancellation rights.

Cancellation Clause : A clause in a contract of insurance that gives the parties the right to terminate coverage offered in a contract under specified conditions.

Cancellation Condition : The Insurance policies contain provision whereby the Insurer, on giving a specific period of notice and returning a proportionate part of the premium may cancel the Policy. Sometime the insured is given a similar right to cancel the contract during the currency of the Policy.

Cancelling Returns only, Reinsurance : Refer : "Reinsurance, Cancelling Returns Only"

Cancer Insurance : The Policy is issued only to the members of the Indian Cancer Society. The cover is for medical/surgical expenses incurred for the treatment of cancer in respect of insured person or spouse. If any of these first contracts cancer, the Policy is extended to such person and ceases to be applicable to the other person.

Capacity : The amount of premium income that insurer is permitted to write or the maximum exposure that could be accepted**.** It could refer to an insurance company, a reinsurance company, a Lloyd's Name, A Lloyd's syndicate, or a whole market. Also Refer : "Reinsurance, Capacity"

Capacity of the Parties to the Contract : The Indian Contract Act provides that every person is competent to contract who is of the age of majority according to the law to which he is subject and who is of sound mind and is not disqualified from contracting by any law of which he is subject.

Capital :Equity of shareholders of a stock insurance company. The company's capital and surplus are measured by the difference between its assets minus its liabilities. This value protects the interests of the company's policyholders in the event it develops financial problems, the policy owners benefits are thus protected by the insurance company's capital. Shareholders' interest is second to that of policy owners.

Capital Additions Clause : A provision in a Standard Fire and Allied Perils Policy to cover new buildings or machinery added by the insured during the period of insurance.

Capital Budgeting : A process used to determine whether to make long term (more than one year) investments.

Capital Redemption Policy : A Policy that provides a specific sum of money after a specific interval (also known as a Sinking Fund Policy)

Capital Stock Insurance Company : A Company having an addition to surplus and reserve funds and capital fund paid in by Stock Holders.

Capital Sum Insured (CSI) : The amount specified in a Personal Accident Insurance Policy for payment in the event dismemberment and sight losses to the insured or on death of the insured to the nominee.

Capital Transaction : The sale of a capital asset, such as stock, which results in the transaction being taxed as ordinary income and not as a dividend.

Capitation : A method of payment for health services in which a physician or hospital is paid a fixed per capita amount for each person served regardless of the actual number of services provided to each person.

Capsized : Upset or overturned vessel or craft.

Captive Agent : (i) Either a "Direct Writer" or an Agent that has agreed to sell Insurance for only one Company or fleet. (ii) Either a sales representative of a Direct Writing Insurer or an outside Agent who has agreed to sell Insurance for only one Insurer.

Captive Insurer : **Captives** : Captives refer to specialized insurer or reinsurer created with the sole aim of providing cover to the promoters or affiliates. Most fortune 500 companies make use of captives, to some extent or more. Favorable tax treatment and benign regulatory regime have spurred the growth of captives in some of the regions in the world, for example, Caribbean and Europe. Captives may be acting as direct underwriter or a frontal operating as a reinsurer. Captives provide high degree of control to the promoters. In view of high administrative costs, innovations in the form of cell captives, rent a captive etc. allow cost sharing by several clients. Under these arrangements, assets of client are protected through legal separation of assets and liabilities of each underwriting account and that of the captive as a whole. The regulatory regime, especially in relation to admitted and non-admitted reinsures lead to complications in the arrangement with captives, such as collateral requirements. It may also necessitate maintaining arm's length relationship with the captives in some regions.

- **Association Captive**: Captive Insurer having two or more parents, with the parents typically being members of an industry / trade/ association.

- **Pure Captive** : Captive having only one parent and insuring the los exposures of that one parent.

Capture and Seizure : In marine insurance capture includes every act of seizing or taking by an enemy or belligerent. Seizures goes beyond this to embrace every act of forcible possession either by a lawful authority or by overpowering force.

Care, Custody or Control (CCC) : A frequent liability Insurance exclusion denying coverage of the insured's liability for damage to others property while in the Insureds, care custody or control.

Cargo : Material or goods carried by ship, rail/ road or aero plane.

Cargo Certificate : An insurance contract in which ocean-going cargo is insured.

Cargo Insurance : A policy covering the cargo being transported by a carrier.

Cargo Interest : Insurable interest relating to cargo, other than the interest of the cargo owner.

Cargo Loss Minimization Cells : Specially created Cells by the Insurers for Cargo Loss Prevention and Minimization.

Cargo Receipt : Is a receipt of Cargo for shipment by a consolidator (used in Ocean Freight).

Cargo War Risk Policy : A separate cargo policy covering cargo while waterborne only (except at transshipping point, which may be on land or water). Insures against war risks.

Carnet : A customs document permitting the holder to carry or send merchandise temporarily into certain foreign countries (for display, demonstration, or similar purpose) without paying duties or posting bonds.

Carpenter Cover : Refer : "Reinsurance, Spread Loss"

Carriage International (Warsaw Convention) : Any carriage in which according to the contract made by the parties, the place of departure and the place of destination, whether or not there be a break in the carriage or a transshipment, are situated either within the territories of the two High Contracting Parties OR within the

territory of a single High Contracting Party, if there is an agreed stopping place within a territory subject to the sovereignty of another power, even though that power is not a party to the Convention.

Carriage Non-international (Hague Protocol) : Non-international carriage has been defined as "any carriage in which according to the intention of the parties, the place of departure and the place of destination are both situated in India and there is no agreed stopping place outside India.

Carriage, Contact Motor : Refer : "Motor - Contract Carriage."

Carriage, Stage Motor : Refer : "Motor - Stage Carriage."

Carrier : A person who carries passengers or goods by land, sea or air.

Carrier : Synonym for "Insurer." The term Insurer is preferred because of the possible confusion of an Insurance carrier with a carrier of goods whose business is transportation.

Carrier Actual, Aviation : A person, other than the contracting carrier, who by virtue of authority from the contracting carrier performs the whole or part of the carriage but who is not with respect to such a part a successive carrier within the meaning of the Warsaw Convention.

Carrier Contracting, Aviation: A person who, as a principle, makes an agreement for carriage governed by the Warsaw Convention with a passenger or consignor or with person acting on behalf of the passenger or consignor.

Carrier Replacement : This refers to a situation where one carrier replaces one or more carriers.

Carry Over Provision : In major medical policies, allowing an insured who has submitted no claims during the year to apply any medical expenses incurred in the last three months of the year towards the new calendar year's deductible.

Carrying Charges : Premium for Insurance on property would be a recurring current expense and in accounting would be termed "carrying charges." Expenses such as taxes, Insurance, interest or mortgage are carrying charges.

Case by Case Estimation : A method of determining the reserve for outstanding reported claims. Each outstanding claim is individually assessed to arrive at an estimate of the total payment to be made.

Case Law : The part of the law which is found in the decision of the judge as reported to the various series of law reports.

Case Management, Health : The assessment of a person's long term care needs and the appropriate recommendations for care, monitoring and follow-up as to the extent and quality of services to be provided.

Case Manager, Health : A person, usually an experienced professional, who coordinates the services necessary under the case management approach.

Case Mix, Health : The number of cases requiring different needs and use of hospital resources.

Cash Crop Plantation Insurance : Plantations usually financed by banks and supervised by an approved agency may be covered. The Policy covers Fire and forest Fire, riot, strike, malicious damage, storm, tempest, flood, cyclone, hurricane and allied perils, impact damage. The cover can also be extended to cover diseases, insects and pests to the limited extent only not exceeding 5%.

Cash Flow Plan : Generic term for any loss financing plan designed to minimize an organization's cash overflows for Insurance. Refer : "Compensating balance plan" and "Paid-loss retro plan". two of the most widely used cash flow plans.

Cash in Advance : (C.I.A.) : Payment of goods in which the price is paid in full before shipment is made. This method is usually used only for small purchases or when the goods are built to order.

Cash Insurance : The property covered by this Policy is money and/or securities in transit from one place to another. This is a first loss cover and provides for payment of a claim, without bringing in the consideration of under Insurance, pro rata average and partial average. Policy covers loss or damage to money i.e., current coins, bank and currency notes, cheques, postal orders, money orders and current postage and revenue stamps occasioned by robbery or theft or any other fortuitous cause whatsoever whilst in transit. Policy may be extended to cover (a) infidelity of employees (b) cash in safe for a period of 48 or 72 hours on account of unpaid cash which is secured in safe or strong room (c) riot, strike and terrorism damages. Since initial premium is charged on the basis of estimated total cash carryings in a year, it is necessary that when the year ends premiums are adjusted on the basis of actual carryings.

Casualty : Loss or liability arising from an accident or mishap, excluding certain losses or liabilities which, by law or custom, are considered as falling exclusively within the scope of the protection provided by Fire or marine Insurance. Casualty includes, but is not limited to, losses or liability covered by Employers Liability, Workmen's Compensation, Public Liability, Automobile Liability, Plate Glass, Burglary and Theft Insurance.

Casualty Insurance : Generic term for Insurance that is primarily concerned with (a) legal liability for injury to persons or damage to property of others or (b) U.S. term for non-life insurance other than fire, marine or surety business. (c) property damage caused by a casualty, such as a boiler explosion. Refer : "Casualty."

Catastrophe : A sudden and severe calamity or disaster. A single event which causes a loss of extraordinary large amount. The exact definition may vary occasionally and is usually dependent on policy contract wordings e.g., it might mean all losses, in a 72 hours period, arising from a wind storm.

Catastrophe Area : The physical area range over which the consequences of an accidental event may flow.

Catastrophe Cover : Refer : “Reinsurance, Catastrophe or Per Event Covers”

Catastrophe Fund : A fund set aside by Insurer from total premium earned as a reserve to mitigate the severity of strain on his Underwriting account.

Catastrophe Hazard : The hazard of large loss by reason of occurrence of a peril to which a very large number of insureds are subject. An example would be widespread loss due to a hurricane or tornado.

Catastrophe Policy : An older name for Major Medical Expenses Policy. This Policy is to pay all medical or hospital costs above a certain deductible amount and up to the maximum provided in the Policy. The term catastrophe as applied to them is in reference to the economic catastrophe of huge medical expenses. It is not related to catastrophe as used in catastrophe hazard.

Catastrophe Reinsurance : Refer : "Reinsurance, Catastrophe or Per Event Covers, "

Cattle Insurance : This Insurance provides cover against death of animals like bulls, buffaloes, cows etc., within the geographical area specified in the Policy arising from any disease (inclusive of Rinderpest, Black Quarter, Hemorrhagic Septicemia, foot and mouth disease subject to vaccination against these diseases), surgical operations, or accident including Fire, Flood, Cyclone, Famine or any other fortuitous circumstances contracted or occurring after the commencement of the Insurer's liability under the Policy. The indemnity payable under the Policy is the loss which the insured suffered by the death of the animal but not exceeding the sum insured by the Policy. Cattle refers to (a) milch cows/buffaloes, (b) female calves / crossbred heifers, (c) stud bulls and (d) bullocks. Livestock refers to other animals like camels, work horses, ponies, mares, mules, yaks, donkeys, sheep, goats, pigs, rabbits etc. Death or loss due to malicious or willful act, negligence, overloading, unskilled treatment, use of the animal other than stated in the policy, intentional slaughter, transport by air or sea, transit beyond 80 kms by road or rail, theft or clandestine sale, missing of the insured animal, partial disablement whether permanent or temporary, permanent total disablement which in case of milch cattle results in permanent and total incapacity to conceive or yield milk, in case of stud bulls results in permanent and total incapacity for breeding and in case of bullocks results in permanent and total incapacity for the purpose of use mentioned in the proposal, war, nuclear and allied perils is excluded. Similarly, no tag no claim. Death of the animal due to disease within 15 days from the inception of the policy.

Blanket policies can be issued subject to monthly declaration to be submitted by a client who maintains records of each animal, illness suffered, treatment provided and vaccination etc. in the normal course of his business.

Cargo Clauses (Air) (excluding sending by post) : Cover is against "all risks" as in ICC (A) except that GA and salvage charges and both to blame collision clauses are omitted, these not being concerned with air transit. Under duty of the assured clause, charges reasonably and properly incurred to avert or minimize an insured loss and pursue recovery rights are also covered. Forwarding charges would be covered under this item, being sue and labor in nature.

Cargo Insurance : An ocean or inland marine Insurance contract that protects the insured against the los of or damage to shipments.

Cargo ISM Endorsement : In 1994, the International Safety Management (ISM) Code was incorporated into the SOLAS Convention. SOLAS (SAFETY OF Life at Sea) prescribed rules for construction of ships, their equipment and standard operating procedure to ensure greater safety of human lives. From 1st July 2002 ISM code is mandatory for almost all types of vessels. From the Maine Cargo stand point the policy will not cover cargo carried in a vessel which not ISM Code complaint at the time of loading of the cargo provided the insured was aware or as a prudent business man should have been aware that the vessel was not ISM Code compliant. However, this not impacts the right of a person claiming under this insurance who has bought the goods in good faith and is assigned this policy.

Cargo ISM Forwarding Charges Clause (For use only with JCC Cargo ISM Endorsement) : If a vessel is detailed at any port for not complying with the ISM Code, by virtue of

this clause, expenses incurred on unloading the cargo, storing and subsequent forwarding to the named final destination or any other destination are reimbursed to the Assured. The maximum limit of reimbursement will be the sum insured for the voyage. This clause is always to be used along with the Cargo ISM Endorsement only. If a vessel which is not ISM Code compliant declares a General Average or claim for Salvage Charges, the inclusion of the Forwarding Charges clause will have no relevance and the claim will not be payable.

Cartel : Cartel is an association of several independent national or international business organizations that regulates competition by controlling the prices, the production or the marketing of a product or an industry.

Causa Causans : Same as Proximate Cause

Cause of Loss : The claims are payable under Insurance policies if they arise out of events which are proximately caused by the insured perils. In other words the proximate cause of the event has to be peril covered by the Policy, so as to constitute a valid claim. Proximate cause has been defined as "the active, efficient cause that sets in motion without the intervention of any force started and working actively from a new and independent source".

- **Single Cause** : If the loss is brought about by a single cause, which is an insured peril, obviously this is the proximate cause and thus there is a liability under the Policy. As for example, a ship caught in heavy weather and sinks along with the cargo. The resultant loss is payable as the proximate cause is a peril of the sea covered under the marine InsurancePolicy.
- **Concurrent Causes :**If there are concurrent causes, as long as no excepted perils are involved, the loss is recoverable, provided one of the causes is an insured peril However, if excepted perils are involved and the consequent losses can be separated, there is liability for those caused by the insured peril. but if it is not possible to s separate the effects of one from the other, there is no liability at all.

C.C.E.F. : Customer Centralized Examination Facility.

Cause of Action : A statement in a lawsuit of a claim against the defendant. A multiple cause of action suit may seek damages for negligence, intentional infliction of emotional distress, negligent infliction of emotional distress, trespass, assault, battery, and breach of contract.

Cause of Loss : A major term used in insurance is Cause of Loss (also called a Peril). Insurance coverage responds when a loss results from a cause of loss identified in an insurance contract. Examples of causes of loss are fire, windstorm, operation of a motor vehicle, burglary, acts of negligence, accident and sickness and other conditions that can cause a loss. Sometimes the cause of loss is called an Act of God, particularly when it is an unusual and unexpected, perhaps even a catastrophic happening.

Caveat Emptor : In ordinary contracts the rule, "Caveat Emptor" (let the Buyer beware) prevails. That is, the seller is honest and does not deliberately misled the buyer and it is the responsibility of the buyer to examine, select and buy the goods; and in case of any defects of the goods purchased, the seller is not responsible.

Cavity Barrier : A construction to close or divide a cavity against penetration by flame or smoke.

Cease and Desist Order : An order of the Regulatory Authority or of a Court requiring that a company or person stop engaging in a particular act or practice, usually involving insurance trade practices.

Cedant (Cedent) : An insurer who transfers risks by means of reinsurance.

Cede : Refer : "Reinsurance, Cede."

Ceding Company : Refer : "Reinsurance, Ceding Company"

Central Government Health Scheme (India) : Popularly known as Central Government Health Scheme (CGHS) the Scheme was introduced in 1954 for the central government employees working for civilian assignments. It aims to provide comprehensive medical care to employees and their families and is partly funded by the employees and largely by the employer (central government). In 2010 CGHS has a base of 10.26 lacs card holders with a beneficiary base of 33,59,445 as of March 2015.

Central Loss Fund : In a risk retention plan of an organization that charges some retained losses back to the individual departments or other profit centers, the headquarters account against which losses not absorbed by the individual profit centers are charged. Thus, a central loss fund may be charged for losses that exceed a profit center's individual retention level or are caused by perils that are not within a profit center's intended retention.

Central Road Research Institute of India, New Delhi(CRRI) : Central Road Research Institute (CRRI), a premier national laboratory established in 1952, a constituent of Council of Scientific and Industrial Research (CSIR) is engaged in carrying out research and development projects on design, construction and maintenance of roads and runways, traffic and transportation planning of mega and medium cities, management of roads in different terrains, improvement of marginal materials, utilization of industrial waste in road construction, landslide control, ground improvements environmental pollution, road traffic safety and analysis & design, wind, fatigue, corrosion studies, performance monitoring/evaluation, service life assessment and rehabilitation of highway & railway bridges. The institute provides technical and consultancy services to various user organizations in India and abroad. For capacity building of human resources in the area of highway Engineering to undertake and execute roads and runway projects, Institute has the competence to organize National & International Training Programs continuing education courses since 1962 to disseminate the R&D finding to the masses.

Central Station : Headquarters station for private fire or burglar alarm companies where the report of a fire or unauthorized entry into a premises is first recorded.

Certificate : The condition still found in policies issued in some countries requiring the certificate of a magistrate to support a claim under a Policy seems to have long since fallen out of use. Certificate is a statement that a Policy has been written for the benefit of one or more individuals. Also issued in evidencing Reinsurance between companies.

Certificate of Analysis : Certificate of Analysis is a certificate required by some countries as proof of the quality and composition of food products or pharmaceuticals. The required analysis may be made by a private or government health agency. The certificate must be legalized by a foreign counsel of the country concerned, as is the case with such similar certificates as the phytosanitary certificate.

Certificate of Convenience : A term used in some countries to refer to a temporary license or perming empowering a person to act as an agent even through not fully licensed according to the law. Usually this certificate is granted to an agent who is studying for a licensing examination. It might also be issued to the administrator or executor of the estate of an insurance agent who must have the authority of an agent to settle the estate, or to someone acting for an agent during a disability or an absence such as military duty.

Certificate of Entry : A policy issued by a Protection and Indemnity Association in respect of a vessel entered in the Association.

Certificate of Inspection : A document certifying that the goods were in apparent good condition immediately prior to shipment.

Certificate of Insurance :

1. Proof of purchase of various compulsory Insurances.

2. A document evidencing the fact that an InsurancePolicy has been written and includes a statement of the coverage of the Policy in general terms. Certificate of Insurance thus is a documentary evidence that motor vehicle is insured against third party liability under the Motor Vehicles Act.

3. Document which verifies that Policy has been written and states the nature of the coverage in general terms. Such a certificate is often used as proof of Insurance in loan transactions and for other legal requirements.

4. Summary statement of the coverage and general provisions of a master contract in group Insurance for the information of individuals in the group.

C.F.S. / C.Y. (Pier to House): The term CFS/CY means cargo delivered break bulk to Carrier's CFS to be packed by Carrier into containers and accepted by consignee at Carriers' CY and unpacked by the consignee off Carrier's premises, all at consignee's risk and expenses.

C.F.S. : Container Freight Station. The Term CFS at loading port means the location designated by carriers for the receiving of cargo to be packed into containers by the carrier. At discharge ports, the term CFS means the bonded location designated by carriers in the port area for unpacking and delivery of cargo.

C.F.S. CHARGE : (Container Freight Charge) : The term CFS charge means the charge assessed for services performed at the loading or discharging port in packing or unpacking of cargo into/from containers at CFS.

C.F.S. Receiving Service : The service performed at loading port in receiving and packing cargo into containers from CFS to CY or shipside. "CFS Receiving Services" referred herein are restricted to the following : (01) Moving empty containers from CY to CFS (02) Drayage of loaded containers from CFS to CY and/or ship's tackle (03) Tallying (04) Issuing dock receipt/shipping order (05) Physical movement of cargo into, out of and within CFS (06) Stuffing, sealing and marking containers (07) Storage (08) Ordinary sorting and stacking (09) Preparing carrier's internal container load plan.

C.F.S./ C.F.S. (Pier to Pier) : Cargo delivered by break-bulk to Carrier's CFS to be packed by Carrier into containers and to be unpacked by Carrier from the container at Carrier's destination port CFS.

C.G.L.: Refer "Comprehensive General Liability Insurance."

C.H.C.M. : Certified Hazard Control Manager.

Certificate of Insurance, Motor, Automatic Transfer of : As per provisions of Sec. 157 of the New Act (1988) where a person in whose favor a certificate of Insurance has been issued, transfer to another person the ownership of the motor vehicle in respect of which the Insurance was taken, then the certificate of Insurance and the relative Policy in so far as the Compulsory Act Insurance portion is concerned shall be automatically deemed to be transferred in favor of the new owner from the date of transfer of ownership of the vehicle. However own damage Insurance portion is not automatically transferred.

Certificate of Manufacture : A Statement in which a producer specifies where his goods were manufactured, certifies that manufacturing has been completed, and confirms that the goods are at the buyer's disposal.

Certificate of Origin : A statement signed by the exporter, or his agent, and attested to by a local Chamber of Commerce, indicating that the goods being shipped or a major percentage of them, originated and were produced in the exporter's country.

Certificate of Registration, Motor : The Certificate issued by the Competent Authority to the effect that a motor vehicle has been duly registered in accordance with the provisions of the Act.

Certificate of Reinsurance : A short-form documentation of a reinsurance transaction.

Certified Professional Public Adjuster (CPPA) : Professional designation granted to public adjusters who pass a rigorous examination and meet specified eligibility requirements.

Certiorari : A writ issued by a higher court to a lower court asking the lower court to forward the record of a particular case in question.

Cession : Refer : "Reinsurance, Cession"

Cession, Priority : Refer : "Reinsurance, Cession Priority"

Cestui que trust : One for whose benefit property is held in trust.

Chain : A series of measurements. Care should be taken to distinguish between engineer's chain and surveyor's chain. Engineer's chain is 100 feet (30 meters). Surveyor's chain is 66 feet (20 meters) in length.

Chain-Ladder Method : A statistical method of estimating outstanding claims, whereby the weighted average of past claim development is projected into the future. The projection is based on the ratios of cumulative past claims, usually paid or incurred, for successive years of development. It requires the earliest year of origin to be fully run-off or at least that the final outcome of that year can be estimated with confidence. It appropriate, the method can be applied to past claims data that have been explicitly adjusted for past inflation.

Chain-of-Causation Concept: A legal doctrine that makes the Insurer responsible for losses caused by perils covered under the contract and other perils that the covered perils may set in motion. For example, a Fire Policy covers Fire, smoke and water damage caused by a Fire.

Chain of events : If there is a **Direct chain of events** (one leading to the other) with no exceptions involved, the insured peril is the Direct and natural cause of the loss and

there is liability. But if an excepted peril precedes the operation of the insured peril so that the loss caused by latter is Direct and natural consequence of the excepted peril, there is no liability. **Broken chain of events** : Where the chain of events is broken, without any excepted perils, and if it is possible to separate the losses, there is liability for losses caused by the insured peril. If the chain is broken by an insured peril, the subsequent peril breaks the chain, liability ceases for subsequent losses only.

Chain of Evidence : The documentary requirement establishing where, and by whom, evidence was collected and stored up the time it is presented to a court.

Chance : The probability or likelihood that one event will occur.

Change in Condition : Damage to property resulting from a change in the property's environment such as spoilage or freezing.

Change in Net Premium Written (I.R.I.S.) : The annual percentage change in Net Premiums Written. A company should demonstrate its ability to support controlled business growth with quality surplus growth from strong internal capital generation.

Change in Policyholder Surplus (I.R.I.S.) : The percentage change in policyholders surplus from the prior year end derived from operating earnings. Investment gains, net contributed capital and other miscellaneous sources. This ratio measures a company's ability to increase policyholder's security.

Change in Temperature Clause : An exclusion in a fire policy on goods in a cold store of damage to perishable goods caused by a change in temperature.

Change of Occupation Clause : Standard provision in health insurance policies that reduces benefits if the insured changes to a more hazardous occupation.

Change of Voyage : Section 47 of the Marine Insurance Act provides that (01 where, after the commencement of the risk the designation of the ship is voluntarily changed from the destination contemplated by the Policy, there is said to be a change of voyage.
(02) Unless the Policy otherwise provides, where there is a change of voyage the Insurer is discharged from liability as from the time of change that is to say, as from the time when the determination to change is manifested; and it is immaterial that the ship may not in fact have left the course of voyage contemplated by the Policy when the loss occurs.

Char : Carbonaceous matter formed by incomplete combustion of organic material such as wood. To change into charcoal or carbon by pyrolysis. To burn or scorch.

Chargeable Kilo : Rate of goods where volume exceeds six cubic meters to the ton.

Charged : A building heavily filled with smoke and gases and in danger of becoming seriously involved in a fire, or having a back draft calling for a quick action and effective ventilation in conjunction with proper placement of hose lines.

Charges, Marine, Ocean Transit : Charges are payable in addition to losses payable under marine, ocean transit polices.

- **Forwarding charges** : This clause provides for payment of extra charges of expenses reasonably incurred in (i) unloading (ii) storing, and (iii) forwarding the cargo to destination when the insured transit is terminated short of destination, that is, at an intermediate port due to the operation of insured peril. But of an excluded risk operates, these charges are not payable. Nor are

any such charges payable of arising from the fault, negligence, insolvency or financial default of the insured or their servants.

- **Salvage charges** : These charges are remuneration paid to third parties who voluntarily and independently of contract render services to save maritime property at sea which is in danger. The savage charges are paid by, and out of saved property, i.e., ship, cargo, etc. Thus, cargo-owners' share of salvage charges is payable under marine cargo policies, provided the charges were incurred in preventing a loss covered by the Policy.
- **Sue and labour charges** : These are charges incurred before destination to avoid or minimize a loss payable under the Policy. For example, expenses on reconditioning goods at an intermediate port, incurred after an insured peril has occurred. These are payable in addition to loss payable under the Policy.
- **Survey Fees** : the practice of marine Insurance is that the survey report is given to the insured for which he has to pay the survey fees to the surveyor appointed by the Company. These then form an additional item in the claim bill. If the claim is payable under the Policy the survey fees are reimbursed in addition, otherwise not.

Charges of Insurance : The assured has an Insurance interest in the charges of any Insurance which he may effect.

Charter : Usually the same as article of incorporation. This is the grant of rights from a State or Central Government such as the right to incorporate and transit business.

Charter Aircraft : Aircraft available for hire under a special contract.

Charter Boat or Ship : Boat or Ship available for hire under a special contract.

Charter of Tramp Ships :

- **Ad Hoc Charter :** A one-off charter operated at the necessity of Charterer

- **Demise Charter (Bare Boat Charter) :** Here, only the ship without floating personnel, fuel. etc. is chartered on time charter basis. The charter has to equip the ship with floating personnel, fuel and other necessaries and operate the ship. Normally, a ship-owner or prospective ship-owner may prefer this method.

- **Time Charter :** The ships chartered for a specific period time. e.g. from 1st January to 21st December. Charterer may employ the ship in voyage according to his requirements.

- **Voyage Charter** : Ships are chartered for a specific voyage, etc. Normally traders prefer to go in for voyage charter.

Charter Party : The contract between the owner of a ship and the individual or company chartering it. Among other specifications, the contract usually stipulated the exact obligations of the ship-owner (loading the goods, carrying the goods to a certain point, returning to the chartered with other goods, etc.); or it provides for an outright leasing of the vessel to the charterer, who then is responsible for his own loading and delivery. In either case, the charter party sets forth the exact conditions and requirements agreed upon by both sides.

Charter Party Bill of Lading : A bill of lading issued under a charter party. It is not acceptable by banks under letter of credit unless so authorized in the credit.

Chartered Freight : The hire paid or payable to a ship owner for the use of the entire ship for a voyage or for a period.

Chartered Insurance Institute : The first Insurance Institute was formed in Manchester. In 1897 the various local institutes then existing formed a federation which later became a Unitary Body to which in 1912 a Royal Charter was granted under the name of the Chartered Insurance Institute. The Chartered Insurance Institute (also known as the CII) is a United Kingdom based professional organisation for those working in the insurance and financial services industries.

The institute provides accreditation and professional qualifications to UK and international members. Designated qualifications include (in ascending level order): Cert CII, Dip CII, Advanced Dip CII (ACII - previously called Associate ship CII) and Fellowship CII (FCII). ACII and FCII accredited members are eligible to apply for election to Chartered Insurer status, which is based on experience in the insurance industry alongside these qualifications. These titles may be used by any person upon completion of the required level of qualification and confirmation from the institute.

Individual Chartered titles : The CII has five Chartered titles to cover the different specializations for those working in the insurance and financial advice professions: Chartered Insurance Broker, Chartered Insurer, Chartered Insurance Practitioner, Chartered Insurance Risk Manager and Chartered Financial Planner.

Chartered Property and Causality Underwriter : (C.P.C.U.) : Professional designation earned after the successful completion of 10 national examinations given by the American Institute for Property and Liability Underwriters. Covers such areas of expertise as insurance, risk management, economics, finance, management, accounting, and law. Three years of work experience also are required in the insurance business or a related area.

Charterers' Liability : This Policy covers the damage sustained by the vessel during the period of charter for which the characters are held legally liable. This Policy also covers demurrage if the vessel is delayed to carry out repairs for which the Charterers are held legally liable. Cover is normally provides for damage to the vessel death and personal injury, damage to property of third parties damage to cargo, collision wreck removal, quarantine costs, pollution, General Average, Costs of formal investigations, Sue and labor costs and fines. The main risk is liability to cargo due to bad stowage, handling damages, shortages, non-delivery or liability to damages to the vessel.

Chassis : A wheel assemble including bogies constructed to accept mounting of containers.

Chattel : As personal property items.

Chattel Mortgage : A type of mortgage where the collateral is personal property, rather land or buildings.

Chattels Personal : Movable things

Chattels Real : Leasehold interests in land.

Checked Baggage : Such personal property accompanying a passenger on an aircraft as is defined by the air carrier, as distinct from cargo.

Chemical Dependency Services, Health : The Services required in the treatment and diagnosis of chemical dependency, alcoholism, and drug dependency.

Chemical Explosion : An exposition arising out of chemical reaction.

Chomage Insurance : Same as Percentage of fire loss insurance.

Chose In Action : A thing of which one has not the present enjoyment but which one has a right of recovery by legal action, e.g., the proceeds of an insurance policy.

Chronological Stabilization Plan : Individual risk rating plan, essentially equivalent to retrospective rating, Refer : "Rating, retrospective rating."

C.I.F. : Cost including charges & freight, a shipment term under which the seller assumes the responsibility for the Insurance, and the carriage of goods to the agreed point of destination. These charges are indicated in the invoice along with other charges.

C.I.T.E.S. : Committee on International Trade of Endangered Species.

Civil Authority Clause : Provision in a Fire Policy which provides that the insured is protected against damages which may be caused by Firemen, policemen, or other civil authorities in their efforts to check Fire eg., in the case of larger Fires it has been found necessary to dynamite a whole block of buildings to check the spread of a conflagration. A civil authority clause protects from losses resulting from such action.

Civil Commotion : Damages by riot or civil commotion or caused maliciously by strikers or persons acting in connection with political organization. Civil commotion is disturbance between large number of individuals in a community frequently associated with damage to private and public property.

Civil Commotion Policy : Type of business Insurance coverage protecting against loss, caused by an uprising of people creating a prolonged disturbance.

Civil Engineering Completed Risks Insurance (CECR): Refer : "Engineering Insurance : Civil Engineering Completed Risks Insurance (CECR)."

Civil Law : (1) A legal system derived from Roman Law, in which most of the law is expressed in codes of law (2) The national or municipal law of a State in contrast with Public International Law, (03) The laws of a country excluding some field of fields of law such as criminal or military law or in some countries administrative law, ecclesiastical law or commercial law.

Claim : Depending on the context this term may refer to (01) A demand by the insured for payment under his Policy. Claim covers loss caused by perils insured against. The insured is entitled to lodge the claim and recover the loss from Insurance Company. Claim is a demand for payment under an Insurance contract or bond. (02) Estimated or actual amount demanded. (03) A demand made by a third party on a policyholder to be compensated for some injury, damage or loss for which the third party blames the policyholder. In this case, claims are referred to the insurer to handle on behalf of the insured in accordance with the term of the Policy. (04) A demand made by an insurer on its reinsurer(s) to be paid under a reinsurance contract. A claim is payable under an insurance or reinsurance contract if it is caused by an insured peril and it is not excluded under the terms of that contract.

Claim Agent : The Agent appointed by an Insurer to settle the Marine Overseas losses as per prevailing guidelines.

Claim Amount Distribution : A statistical frequency distribution for the amounts of claims.

Claim Cohort : A group of claims with a common period of origin. The period is usually a month or a quarter or a calendar year. The origin varies but is usually defined by the date of reporting, or by the date of payment of a claim.

Claim Cost Inflation : The rate of increase in the cost of claim payments. It is likely to be influenced by many different types of inflationary force, e.g., general or specific salary inflation, general or specific price inflation, court award inflation.

Claim Expenses : Fees charged by the Loss Adjuster / Surveyor, Investigator, Attorneys designated by the Insurance Company or by the insured with the company's written consent and all other reasonable and necessary fees, costs and expenses resulting from the investigation, adjustment, defense and appeal of a claim if incurred by the insurance company or by the insured with the written consent of the insurance company, including, but not limited to, premiums for any appeal bond, attachment bond or similar bond but without any obligation of the insurance company to apply for or furnish any such bond. Claims expenses with respect to a claim may be paid first and may or may not include fees, costs or expenses of employees or officers of the insurance company.

Claim Made Basis Liability Coverage : Method of determining whether or not coverage is available for a specific claim. If a claim is made during the time period when a liability policy is in effect an insurance company is responsible for its payment, up the limits of the policy, regardless of when the even causing the claim occurred. Typically this type of coverage is endorsed with a prior acts date or retroactive date before which the insurance company has excluded coverage.

Claim Ratio : The ratio of paid or incurred claims to earned premiums over a defined period. Alternatively it may be the ratio of paid or incurred claims on business written in an underwriting period to the written premiums for that period. It may be either net or gross of reinsurance. Also, often called the loss ratio.

Claim Report : A report filed by a person setting forth the facts of a claim.

Claim Run-Off Analysis : A tabulation showing the speed of settlement for cohorts of claims. Also, called a claims delay table. The analysis may be in terms of claim numbers or claim amounts. It is often presented as an intermediate step in a chain ladder method projection.

Claim Settlement Rate : The speed at which claims are brought to finality.

Claimant : The person making a claim

Claiming Cash, Reinsurance : Refer : "Reinsurance, Claiming Cash"

Claim-Right Insurance : Insurance to the consignor of goods in respect of money withheld by the consignee in accordance with the contract of sale, pending arrival of the goods.

Claims Analysis : In a situation of deteriorating claim results, the claim database need to be analyzed as to whether there is a pattern in the losses. The report may indicate (i) unusual frequency viz., more number of claims than were estimated, or (ii)more severity i.e., more amounts to be paid out than was the expected norms.

Claims Closed : Claims on which no further payments are anticipated by the insurer.

Claims Condition : A condition in many types of insurance policy setting out the insured's duties in the event of a claim.

Claims Cooperation Clause, Reinsurance : Refer : "Reinsurance, Claims Cooperation Clause."

Claims Equalization Reserve : A reserve by an insurance company to smooth the cost of claims which occur at irregular intervals, e.g., through natural phenomena such as exceptionally adverse weather, so as to prevent undue fluctuations in the revenue account.

Claims Expenses : The expenses of investing and settling claims, e.g., adjusters' fees as distinct from the claims themselves.

Claims Frequency : The number of claims in a period per unit of exposure, such as, the number of claims per vehicle year for a calendar year or financial year or per policy over a period.

Claims Frequency Distribution : A statistical frequency distribution for claim frequency.

Claims Handling Expense Provision : A provision or reserve to cover the estimated expenses of settling all claims, reported and unreported, outstanding at the accounting date; often known as Unallocated Loss Adjustment Expenses (ULAE). It excludes external expenses and those which can be directly attributed to the settlement of individual known expenses (such as legal expenses and claims assessors' fees) as these are commonly identified in statistics as a form of claim payment and thus provided for within the provision or reserve for outstanding claims, known as Allocated Loss Adjustment Expenses (ALAE). It usually includes expenses that are not directly attributable to specific claims department staff and premises cost allocations.

Claims Incurred : Claims that have occurred, irrespective of whether or not they have been reported to the insurer. (01) In the context of a particular year of original, all claims (whether reported or not) arising out of incidents in that year; (02) In the context of a revenue account under one year accounting the amounts paid on claims during the year plus the increase in the total reserves for outstanding claims over the year. (a decrease in reserves being treated as a negative increase). (03) In the context of three year accounting, all claims (whether reported or not) arising from the underwriting year of cover as determined at the time of closure of the account. Typically, incurred claim values include some expenses of payment claims such as those allocated to individual claims.

Claims, Methods of Indemnification : There are several methods of providing indemnity to the insured. These are :

1. **Claims, Cash Loss Settlement, Motor** : Major repairs to a goods vehicle, for example involves a large outlay and the insured may not be able to spend such large amounts initially and then claim reimbursement from the Insurers after the repairs are carried out. In such cases Insurers offer to pay a sum which is lower than the amount of repairs recommended by the surveyors, say, by 25% to 30% without insisting on repairs being carried out. These settlements are also effected when, in the case of a total loss, the salvage is not easily disposable or the salvage value realizable is not reasonable. A mutually agreed salvage value is deducted from the total loss amount recommended by the Surveyor and the net amounts paid, the insured being allowed to retain the salvage.

2. **Claims, Cash Payment** : When the Insurers are satisfied in regard to the cause and extent of loss, as ascertained from the claim form and other inquiries and also, in large losses, report from independent surveyors, the loss is settled by cash payment. This is the most common method of claims settlement.

3. **Claims, Reinstatement** : This method would apply in respect of buildings or other property destroyed or damaged by Fire. This method is rarely used by the Insurers, because once this method is chosen by Insurers, they cannot subsequently withdraw and offer cash settlement. Under this method, the responsibility for the way in which reinstatement is carried out will be of the Insurers. Generally, Insurers would resort to this method only when the insured claims an amount far in excess of the cost of reinstatement.

4. **Claims, Repair** : Instead of making a cash payment, the settlements of claims may be effected by repair. This is the practice followed for motor damage claims. The procedure is for the insured to submit a detailed estimate of the cost of repairs to the Insurers who will arrange an inspection of the damaged vehicle to see that the repairs are necessary and the cost reasonable. Thereafter, the Insurers will authorize the repair of the vehicle. On receipt of the final bill of repairs and a satisfaction note from the insured, the repairer is paid.

5. **Claims, Replacement** : he Insurers may Directly arrange with a dealer to replace the property (e.g., jewellery) lost or damaged. This method is commonly employed under plate glass Insurance.

6. **Claims, Theft Claims, Vehicles** : If the vehicle is stolen and not traced by the police, say, even after 4 to 5 months, the loss is considered on a total loss basis.

7. **Claims, Total Loss, Accidental Damage, Motor** : If, in the opinion of the Surveyor, a vehicle is not repairable or the repairs are not economical, the loss is settled on a total loss basis. The amount payable is the actual market value of the vehicle immediately prior to the loss or the insured value of the vehicle, whichever is the less. The salvage that is, whatever remains of the damaged vehicle, is taken over by the Insurers an disposed of for their own benefit.

Claims Notified / Reported : Claims that have been incurred and which have been notified or reported to the insurer. It is often used in relation to those claims reported during the accounting period.

Claims Occurrence Basis Liability Coverage : A type of public liability insurance that responds only to claims for injury or damage that occur during the policy period of insurance though are brought (to the insurer) during the policy period or even months or even years later.

Claims Payable Abroad : A provision that may be inserted in a policy to permit the collection of claims payments from some specified person overseas.

Claim Payment, Ex-gratia : These are payment for losses which clearly fall outside the scope of the Policy. Although the losses are not payable, the Insurers, to avoid hardship to the insured, consider, in very special cases, settlement of these claims. For example, due to a genuine oversight a certain item of property may not be included in the Policy or renewal although in the past to was covered. These payments are made as an "act of grace" and are justifiable on grounds of good business Policy. Such settlements are never made on the basis of the full loss. A certain percentage only is paid. These payments are made " without prejudice", that is to say, Insurers do not have an obligation to make similar payments in future.

Claim Payment, Non-Standard / Compromise Claims : If the insured has committed a breach of condition or warranty, the claim becomes non-standard. In a strict legal sense, these claims are not payable. But Insurers do not wish to rely on technicalities. Hence, settlement of these claims is considered subject to certain rules

and regulations framed by Insurers. Usually. an extra premium is charged, the Policy rectified and payment made, depending upon the nature of the breach.

Claim Payment, Standard claims : These are claims which fall clearly within the scope of the Policy. Settlement of these claims presents no difficulty.

Claim Control Clause : Refer : "Reinsurance, Claims Control Clause"

Claim Form : An application for a claim.

Claims Equalization Reserves : Funds put aside by Insurers in years of good claims experience which can be used to pay claims in bad years.

Claims Representative : Refer : "Adjuster."

Claims Reserve : Claims provision, provision for outstanding claims/ claims outstanding including Claims notified but not paid and claims that may have arisen but that have not yet been reported.

Claims Series Event, Product Liability Insurance : A claims series event is a series of two or more claims arising from one specific common cause which is attributable (i) to the same fault in design, manufacture instructions for use or labeling of products, or (ii) to the supply of the same products and/or services or to products and or service showing the same defect.

Claims Settling Agent : One instructed on behalf of an insurer both to assess a loss and to pay it on the insurer's behalf.

Claims Sharing Agreement : An agreement between two property and liability insurers that in the event of claims arising in which both are interested on behalf of different parties, such claims shall be shared between them on some specified basis without regard to the degree of legal responsibility of the respective policyholders.

Claims, "Without Prejudice:": In all correspondence with the insured relating to a claim, the Insurers incorporate the words" Without Prejudice" on the top. The effect of these words is that whatever action the insures may take in the processing of the claim, they reserve their right to deny liability ultimately if they are legally entitled to do so.

Claims-Made Insurance : Liability Insurance which covers claims brought against the insured during the Policy period and are reported during the Policy period, regardless of when the injury or harm giving rise to these claims occurred.

Class : The Underwriting or rating group into which a particular risk must be placed. Pertains to type of business, location, and other factors. Classifying persons, property or operations as a basis for tabulating statistical experience and determining premium rates. The individual class. The hazards of operating an automobile vary with respect to the type of car and the purposes for which it is used. Therefore, automobile Insurance groups private passenger cars. trucks, taxi cabs and automobiles operated by garages in different classifications to determine premium rates.

Class Action Suits : A legal device allowing a group of individuals with a claim against a Company or individual to join together as plaintiffs in a single suit. Its purpose is to allow a number of persons with small claims to accumulate an amount large enough to attract a lawyer and justify the expense of litigation.

Class Rate : The premium rate applicable to a specified class of risk. A system of premium rate determination in which all risks with similar characteristics are charged the same rate.

Classification : (i) The selection of factors on which to base premium rates e.g., location, activities. (ii) A Class (iii) A Customs Term. The placement of an item under the correct number in the customs tariff for duty purposes. At times this procedure becomes highly complicated; it is not uncommon for importers to resort to litigation over the correct duty to be assessed by the customs on a given item.

Classification Clauses : The effect of the classification clause is to restrict agreed rates on an open cover to apply only to goods carried on vessels complying with the standard requirements of the Institute Classification Clause. Cargo carried on vessels not complying with or not coming within the classification clause will be subject to additional premium and possibly a restriction in cover.

Classification Societies, Ship : Classification is like quality certification i.e. certification about the ship-owner having followed a particular standard of construction and maintenance. When ship is 'classed" with a particular classification society it has to follow their rules for construction and maintenance for the ship. The classification certificate is the document confirming that a sip has been built according to the rules and standards of the relevant classification society and that it has structural and mechanical fitness for its intend service. Such certification is vital for the design, construction and operation of ships, and affects shipbuilding, shipping and marine insurance and banking.

Classification Societies, International Association of (IACS) The International Association of Classification Societies (IACS) is a technical NGO consisting ofthirteen marine classification societies, headquartered in London. IACS was founded on September 11, 1968in Hamburg, Germany. As of September 2011 its members are the thirteen largest marine classification societies in the world. More than 90% of the world's cargo carrying ships tonnage is covered by the classification standards set by the thirteen member societies of IACS.

Any classification society that meets the condition of membership may apply for membership within IACS. For promoting maritime safety and clear seas, IACS and its members carry out research and development on marine-related topics, providing technical support and verifying compliance with published standards.

The present members of IACS are :

I. American Bureau of Shipping (ABS)
II. Bureau Veritas (BV)
III. China Classification Society (CCS)
IV. Croation Register of Shipping (CRS)
V. Det Norske Veritas (DNV)
VI. Germanischer Lloyd (GL)
VII. Indian Register of Shipping (IRS)
VIII. Korean Register of Shipping (KR)
IX. Lloyd's Register (LR)
X. Nippon Kaiji Kyokai (NK/ClassNK)
XI. Polish Register of Shipping (PRS)
XII. Registro Italiano Navale (RINA)
XIII. Russian Maritime Register of Shipping (RS)

C.N.S. : Cargo Network Services, an IATA Company.

Classified Insurance, Health : Health insurance on risks which do not meet the standards for the regular manual rate.

Clause : A section of a Policy contract of sides attached to it, dealing with a particular subject in the contract as the insuring clause or the co-Insurance clause. A particular part of a Policy or endorsement to that Policy.

Clause, Pair or Set : Refer : "Pair or Set Clause."

Claused Bill : A bill of lading which records some defect in goods shipped or in their packaging.

Clean Draft : A draft to which no documents have been attached.

Clear Space Clause : A clause required that insured property, such as stack of lumber, be stored at some particular distance from each other or from other property.

Closed Access, Health : A situation where covered insureds or the designated service provider must select one primary care physician. That physician is the only one allowed to refer the patient to other health care providers within the plan. Also called Closed Panel or Gatekeeper Model.

Closed Contract of Insurance : An Insurance contract under which rats and Policy provisions cannot be changed.

Closed Panel : Refer "Closed Access, Health."

Closed Year : Refer : "Reinsurance, Closed Year"

Closing : Completion of an insurance.

Closing a risk : The procedure for submitting accounting details to an underwriter who has written a risk. May be combined with a Policy signing procedure.

Closing an Account : Refer : "Reinsurance, Closing an account"

Closing Form : An instruction form completed by a reassured and sent to his broker giving closing details for a risk that the broker has placed on his behalf.

Cloud on the Title : An outstanding claim or encumbrance which, if valid, would affect or impair the owner's title; a mortgage or judgment.

Club : Protection and Indemnity association operated on behalf of ship-owners to provide cover for risks not normally covered by hull underwriters.

Club Calls : The contributions that ship owner members of a Protection and Indemnity Club are called on periodically to make to meet the claims paid and expenses incurred by the club.

cm : Centimeters

Coal Clauses (Institute of London Underwriters) 01.10.1982 : These clauses cover named perils similar to ICC (B) with an important difference, namely, the coal clauses extend the Fire and explosion cover to include heating even when caused by spontaneous combustion and inherent vice or nature of the subject matter insured. It does not cover perils pertaining to incidental rail/road transits like (derailment and overturning of inland conveyance and collision of inland conveyance). Cover is valid

from port of loading to port of discharge which also include lighterage and/or mid-stream loading or unloading.

Co-Assurance : Same as Co-Insurance.

Co-Assurer : Same as Co-insurer.

Coding : A method of putting information into a numerical form for statistical us. Most information on policies is coded and then put into reports.

Coefficient of variation : The ratio of the standard deviation to the mean of a probability distribution.

Coercion : An unfair trade practice which occurs when someone in the insurance business applies a physical or mental force to persuade another to transact insurance.

Cognitive Impairment, Health : A deficiency in the ability to think, perceive, treason or remember resulting in loss of the ability to take care of one's daily living needs.

Co-Insurance : (01) A provision in an InsurancePolicy requiring the insured to contribute a fair and just share of the total premiums out of which losses are to be paid. The inclusion of this provision. Whether mandatory or optional, usually gives the insured lower rates than would otherwise apply. It provides for the full payment, up to the amount of the Policy, of all losses if the insured has Insurance at least to the named percentage of the value of the property covered and in some cases in any event. The loss payment in the case of most partial losses is reduced, proportionately, if the mount of Insurance falls short of the named percentage, e.g.85% Coinsurance (or average) clause.

Value	Rs. 2,00,000
Insurance	Rs. 1,70,000
Loss	Rs. 40,000

Insured collects full amount of loss because his Insurance is equal to 85% of the value.

Value	Rs. 2,00,000
Insurance	Rs. 1,00,000
Loss	Rs. 40,000

Insurance is for only Rs. 1,00,000 or 1/2 of Rs. 2,00,000 the named percentage of value, so insured collects only 1/2 of the loss i.e., Rs. 20,000

(02) (i) The division of a risk among several Insurers. (ii) The sharing of losses on a proportionate basis between Insurer and the insured. In health Insurance, there is a provision which obligates the insured to bear a specified percentage of each otherwise insured loss, this percentage being specified in the Coinsurance clause, widely known as a "percentage participation clause." (iii) In Reinsurance a treaty provision calling for the sharing of obligations between or among two or more Reinsurers.

Coinsurance Clause: A clause that obligates the Insurer to pay only the proportion of any loss that the amount of Insurance purchased bears to the product of the Coinsurance percentage and the value of the insured property at the time of the loss. An indirect way to achieve the rate equity.

Coinsurance Limit: Rupee amount of coverage which in mercantile open stock burglary Insurance, stratifies the Coinsurance requirement. It represents the underwriters estimate of the maximum potential loss from burglary in a single theft. This Coinsurance requirement is the lesser of the Coinsurance limit or the Coinsurance percentage of the total value of insured merchandise.

Coinsurance Penalty : Amount by which an insured's recovery is reduced because the insured failed to comply with a Coinsurance requirement.

Coinsurance Percentage : Under many property Insurance policies, the percentage of the value of insured property that an insured is required to carry to avoid a Coinsurance penalty. Coinsurance percentage vary among lines of Insurance, and an insured often has several choices offered at different premium rates.

Coinsurance Requirement : Amount of Insurance which must be carried o avoid a Coinsurance penalty. Although typically stated as a percentage of the value of the insured property at the time of loss, a Coinsurance requirement may also be stated as a fixed rupee amount.

Coinsurer : One who shares a loss under an Insurance Policy or policies. An Insurer who shares with others in Coinsurance.

Cold Testing : The cold testing (functional testing) is the checking of parts and elements of insured property by mechanical, electrical, hydrostatic, or other forms of testing under "no load" conditions. Cold testing excludes the operation of furnaces or the application of any direct or indirect heat, the use of feedstock or other materials for processing. In electrical power stations cold testing excludes connections to a grid or other load circuits of electrical generating transforming, converting or rectifying equipment. Contrast : Hot Testing.

Collapse : Literally, to cave in or give way. (ii) The sudden and dangerous distortion of any part of a boiler or pressure plant by bending or crushing caused by steam, gas or fluid pressure whether attended by rupture or not. It shall not mean any slowly developing deformation due to any cause.

Collateral Security : Monies available to pay the lender if the borrower defaults on his agreement.

Collateral Source Rule : Rule of civil legal procedure which bars from evidence information on most other (collateral) source from which a plaintiff may be able to collect compensation for harm caused by the defendant's wrongful conduct. The rule aims to require the defendant to pay the full cost of the defendant's wrongdoing.

Collecting Commission : Commission paid to a broker by the insured where the broker has collected a Marine insurance claim on his behalf.

Collecting Note : A document empowering a broker to collect a marine insurance claim on the insured's behalf.

Collection Commission : Commission paid by an insurer to an agent for the collection of premiums.

Collective Paper : All documents (commercial invoices, bills of lading, etc.) submitted to a buyer for the purpose of receiving payment for a shipment.

Collective Policy : (i) A policy issued on behalf of a number of insurers (ii) A policy in respect of a number of persons with insurance in respect of each separately.

College of Insurance, Mumbai : Established in 1966 with a view to providing round-the-year training programmes in the technical domain of Insurance, Customer Service, Regulatory Compliance, etc., the College of Insurance is the training arm of Insurance Institute of India. The College is recognized by the Government of India as an institution of higher learning in insurance. Being a leading Institution of Insurance Education and Training in third world counties. College of Insurance finds a place of honour in the United Nations Directory of Technical Education and is recognized by the Economics and Social Commission of Asia and Pacific (Bangkok), the Special Commonwealth African Assistance Plan, the Technical Co-operation Scheme for Colombo Plan, by the United States Agency for International Development and the Indian Technical & Economic Co-operation Plan, etc. Besides the scheduled Calendar Programmes, it also conducts customized programmes for Insurance Companies. In the domain of General Insurance, it regularly conduct programmes on Marine Hull and Cargo Insurance, Aviation Insurance, Motor Insurance , Effective Claims Management, Engineering Insurance, Miscellaneous Insurance, Risk Management and PML, Liability Insurance, Health Insurance, Re-insurance, Challenges in Project Insurance, etc. In the area of Life Insurance, it offers a programme on Underwriting and Actuarial Practices, Sales and Distribution Channel Management, Business strategies of Group Insurance, Bancassurance, etc.

Collision : The violent encounter of two objects. In Marine Hull liability insurance a distinction is drawn between “collision” with vessels and “contact with fixed objects” such as piers, wharves and fastened buoys, the latter not being covered by collision clauses.

Collision Convertible : A Policy for which the insured pays a smaller premium but is required to make an additional payment on the occasion of his making first claim under the Policy. Losses which may occur thereafter are paid in full up to the extent of the coverage.

Collision Coverage : Automobile Insurance against loss or damage to the automobile resulting from collision with another object or from action of the automobile.

Collision Insurance : Insurance against loss to the insured property caused by striking or being struck by an object : including loss caused by upset.

Collusion : An agreement between two or more person to defraud another of his rights by the forms of law, or to obtain an object forbidden by law. For example, if the insured gives incorrect statements of the facts of an accident in order to permit a guest in his car to recover damages, he is guilty of collusion and thus would void the coverage afforded by the Policy.

Collusion Clause : A clause in a Marine Hull policy covering the ship owner in respect of his liability (or frequently three quarters of his liability) for claims by third parties arising out of collisions.

Combi : An aircraft with pallet or container capacity on its main deck as well as in its belly holds.

Combination : (i) Applied to a Company or Agent handling both industrial and life Insurance. (ii) Increasing the number of exposure units, thus, reducing the risk.

Combination Agent : One who sells both ordinary and industrial life and health business. The combination agent, like an industrial agent, is assigned to clients in a specific territory.

Combination Business Interruption Extra Expense Insurance : A policy which provides both business interruption and extra expense coverage in a single contract. This is now replaced by the business income forms. Refer : "Business Income Coverage Form."

Combination Crime Coverage Plan : Under the latest commercial lines program, two combination crime coverage plans are available. When written with separate limits option, any combination of a variety of coverage may be included at different limits and the insurance is similar to the earlier Comprehensive Dishonesty, Disappearance and Destruction (3-D) policy. When written with a single limit, major coverage are mandatory, optional coverage may be included, but one limit applies to all coverage purchased and the insurance is similar to the Blanket Crime Policy.

Combination Plans, Reinsurance : Refer : "Reinsurance, Combination Plans."

Combination Policy : A policy made up of the contracts of two or more insurers in which each provides a different kind of insurance.

Combination Vessels : Container / Break bulk vessel – this type of ship accommodates both container and break-bulk cargo. It can be either self-sustaining or non-self-sustaining.

Combined Claim : A claim under an environmental impairment liability insurance which relates partly to insured and partly to excluded losses.

Combined Company Policy : A Policy issued on behalf a number of insurance companies, each insuring a portion of the risk.

Combined Liability Policy : A policy combining employers liability and public liability cover.

Combined Quota Share & Surplus Treaty : Refer : "Reinsurance,Surplus Treaty and Quota Share Combined".

Combined Ratio : Total of an Insurer's Underwriting ratio (usually defined as incurred losses divided by earned premiums) and expenses ratio (usually defined as operating expenses incurred divided by net premiums written). An Insurer's percentage of Underwriting profit (or loss) can be measured by the number of percentage points is combined ratio is less (or more) than 1.00.

Combined Single Limit (CSL) : Single limit of liability coverage for both bodily injury and/or property damage, contrasted with split limits, where specific limits apply to bodily injury and property damage separately.

Combustible : Any substance capable of burning.

Combustible Liquid : A liquid having a flash point at or above 100° F.

Combustible Vapor Detector : A portable instrument that detects hydrocarbon vapors. It is used to determine if accelerants were used in a suspicious fire. It is sometimes called a sniffer.

Commercial : The opposite of personal; of a business nature, usually mercantile or manufacturing.

Commercial Code : A published code designed to reduce the total number of words required in a cablegram.

Commercial General Liability (C.G.L.) (Combined General Liability) Policy : Refer : "Liability Insurance, Commercial General Liability / Combined General Liability / Common General Liability (CGL)".

Commercial Guarantees: Insurance policies provides to reimburse employers defrauded by employers.

Commercial Insurance : Accident and sickness Insurance intended primarily to be sold to workers in commerce and business as contrasted to industrial workers.

Commercial Insurer : A company that issues property liability insurance to businesses and other organizations.

Commercial Invoice : An itemized list of goods shipped, usually included among an exporter's collection papers.

Commercial Lines : Insurance for businesses, professionals, and commercial establishment.

Commercial Package Policy : Refer : "Liability Insurance, Commercial General Liability / Combined General Liability / Common General Liability (CGL)".

Commercial Paper Insurance : A form of credit enhancement insurance that guarantees the timely payment of principal and interest on commercial paper issued by corporations.

Commercial Risk : Risk carried by the exporter (unless insurance is secured) that the foreign buyer may not be able to pay for goods delivered on an open account basis.

Commercial Vehicle Insurance : Commercial vehicle Insurance depends on the type of such private type hire cars, coaches and omnibuses, goods- carrying vehicles, agriculture and forestry vehicle. Under commercial vehicle Insurance policies indemnity for legal liability to passengers is also included as required to be covered by the Motor Vehicles Act. It can be covered only by paying an additional premium over and above basic premium.

Commingling : An illegal practice which occurs when an agent mixes personal funds with the insured's or insurer's funds.

Commission : The remuneration paid to an Agent for the introduction of business, usually in the form of a percentage of the premium. Insurance Agents and brokers are usually compensated by being paid certain percentages calculated on premium they produce. Such an allowance is known as commission. (ii) Commission allowed by the Reinsurer to the Ceding Company on the premium ceded. Besides, covering the original acquisition cost of the Ceding Company, a margin is allowed for acquisition cost of expenses.

Commission of Authority : A document outlining the powers delegated to an agent by an insurer.

Commission, Reinsurance : **Refer :** "Reinsurance,Commission**"**

Commitments : A promise or pledge by an Insurance Company to accept certain risks.

Commodity Specialist : An official authorized by the U.S. Treasury to determine proper tariff and value of imported goods.

Commodity Trade Clauses (A), (B) & (C) : These are agreed with the Federation of Commodity Associations for the Insurance of shipments of Cocoa, Coffee, Cotton, Fats and Oil not in bulk, Hides, Skins and Leather, Metals, Oil Seeds, Sugar (raw or refined) and Tea. Much of the cover in these Clauses is the same as provided in the standard ICC (A), (C) & (C).

Common Accident : An accident in which two or more persons are injured.

Common Carrier : (01) A firm that offers to transport merchandise for hire and must accept shipments from anyone who wishes to use its services. Different laws and rules govern common carriers. Private or contract carriers that only transport the goods of those with whom they have made agreements. (02) As per provisions of the Carriers Act, 1865 the common carrier denotes a person, other than the government, engaged in the business of transporting for hire property from place to place, by land or inland navigation, for all persons indiscriminately.

Common Disaster : A situation in which the insured and the beneficiary appear to die simultaneously with no clear evidence of who died first.

Common Law : Common Law comprises the body of principles and rules of action, relating to the government and security of persons and property, which derive their authority solely from usage and customs of immemorial antiquity, or from the judgments and decrees of the courts. It is outside the laws created by enactment of Statutes.

Common Law Defenses : The defenses that are available to defeat liability action by employees against an employer in negligence cases; three commonly recognized common law defenses are contributory negligence, assumed risk, and fellow servant.

Common Law Liability : Responsibility based on common law for injury or damage to another's person or property which rests on an individual because of his actions or negligence. This is opposed to liability based on statutory law.

Common Policy Conditions : Common conditions under insurance policies which apply to all coverage parts on common basis.

Common Policy Declarations : A common declaration page which is part of every commercial policy. It shows the information applicable to the entire policy (policy number, insurer, insured, total premium, terms, conditions, warranties and exclusions attached etc..). Each individual coverage part may also have its own declarations page.

Common Stock : A security which provides an ownership or equity position in a company. Shareholders may receive dividends if declared by the board of directors.

Communication : Connection between buildings whereby fire could spread from one to another, i.e., where the buildings are not separated by a party well.

Community Property, Health : Under this rating system, the charge for insurance to all insureds depends on the medical and hospital costs in the community or area to be covered. Individual characteristics of the insureds are not considered at all.

Commutation : Payment to discharge an actual or potential liability to make payments in the future.

Commutation Clause, Reinsurance : Refer : "Reinsurance, Commutation Clause"

Company Limited by Guarantee : A company without share capital the liability of members for its debts being limited to a sum specified in its constitution.

Comparative Negligence : A modification of the principle of contributory negligence. In those jurisdictions that follow the principle of comparative negligence, negligence on the part of the injured party will not necessarily defeat the claim, but will be considered in determining the amount of damages.

Compensation : Wages, salaries, awards, fees, commissions, financial returns of any kind.

Compensatory Damages : The award, usually monetary, that is intended to compensate the claimant for injury sustained. In addition to actual loss or injury, this term may include amounts for expenses, loss of time, bodily suffering and metal suffering but does not include punitive damages.

Competency : This is one of the elements that must be present in order to have a legal contract. It relates to the fitness or ability of either of the parties to the contract. An example of incompetency would be an alcoholic or a mental incompetent.

Completed OperationsInsurance: A commercial liability insurance coverage applicable to liability arising out of work performed by the insured after such work has been finished.

Completion : Taking the final formal step in the conclusion of a contract so that it comes into force forthwith.

Completion Bond : Refer : "Bond, Completion Bond".

Component Parts Clause : A Clause under an Aviation Hull policy which restricts the insurer's liability in respect of a give component part to a stated proportion of the sum insured.

Composite Agent : "Insurance Agent" means an individual appointed by an insurer for the purpose of soliciting or procuring insurance business including business relating to the continuance, renewal or revival of policies of insurance for both one life insurer and a general insurer.

Composite Insurance Company : An Insurer undertaking both life and non-life business.

Composite Rate : A special single rate based upon a measure of exposure which reasonably reflects the variations in the insurable hazards covered for a particular insured. Bases of exposure to which the composite rate is applied include but are not limited to pay roll, sales, receipts and contract cost.

Composition Roof : A roof of either asbestos or asphalt shingles. The term is most frequently used in connection with construction factors used in determining the rate for Property insurance.

Comprehensive , General Liability Insurance (CGL) : Refer : "Liability Insurance, Commercial General Liability / Combined General Liability / Common General Liability (CGL)".

Comprehensive : A loosely used term signifying broad or extensive coverage of insurance.

Comprehensive "3-D" Policy : Refer : "Dishonesty, Disappearance and Destruction Policy."

Comprehensive Cover : An Insurance Policy covering a wide variety of possible losses. Traditional name for physical damage coverage for losses by fire, theft, vandalism, falling objects, and various other perils.

Comprehensive Crime Endorsement : This is similar to the 3-D Policy but is used as an endorsement to the Special Multi-Peril Policy. It provides optional crime coverage, including employee dishonesty, loss of money and securities, money orders, counterfeit currency and depositor's forgery.

Comprehensive Excess : A provision in a policy, imposed by the insurer, that the insured shall bear the first fixed amount of the first percentage of a certain claim.

Comprehensive Glass Insurance Policy : Refer :"Glass Insurance."

Comprehensive Insurance : Comprehensive Insurance is wide coverage. In Motor Insurance it is protective against any loss of or damage to the Motor as also insured's liability exposures for bodily injury and property damage due to use of Motor. The shopkeepers comprehensive Insurance Policy covers various risks like Fire and allied perils, theft, burglary housebreaking plate glass, neon sign, cash in transit, cash in safe, cash on till/counter, fidelity guarantee, pedal cycle, public liability, workmen's compensation loss of profit etc.

Comprehensive Medical (Health) Insurance : Provides benefits of both a basic and a major medical health insurance policy. It is characterized by a low deductible amount, a coinsurance (Participation) clause, and high maximum benefits. Some policies are written without a maximum limit.

Comprehensive Personal Liability Insurance : A type of insurance that reimburses the policyholder if he becomes liable to pay money for damage or injury he has caused to others; this form does not include automobile liability but does include almost every activity of the policyholder except business operations.

Comprehensive Policy : In Automobile and Liability Insurance, this is an all-risk coverage with certain named exclusions.

Compromise and Release Agreement : A settlement practice under Motor Third Party and W.C. Insurance under which the claimant agrees to a compromised liability amount (usually a lump sum compromise amount) in exchange for releasing the insurer from further liability.

Compromised Total Loss : An agreement between a hull underwriter and assured ship-owner, whereby the underwriter is prepared to pay a compromised settlement on a total loss basis because, although the estimated cost of repairs does not justify a constructive total loss, repairing the ship would be an uneconomical proposition in view of its market value and the high cost of repairing the damage. The settlement usually, allows the assured to retain the wreck.

Compulsory Insurance : Any form of Insurance which is required by law or directives of the Government. Like compulsory Insurance for death of or bodily injury to third parties arising out of the use of Motor Vehicles on the public highway is as per mandatory provisions of the Motor Vehicles Act. Similarly, National Agricultural Insurance (NAIS) is compulsory for Loanee (borrowing) farmers.

Computer Fraud : Fraudulent theft or transfer of money, securities or other property resulting from the use of any computerized equipment or systems.

Concealed Damage Clause : In many cases the containers, cases or packages do not show signs of any visible, external damage and buyers take a clean delivery. Subsequently, damages or shortages may be discovered which insurer would refuse to pay or ask the buyer to prove that the loss or damage happened during the insured transit. This clause gives a benefit to the insured/consignee by stating that if the loss is discovered on opening the containers, cases or packages within the pre-arranged number of days after arrival the loss or damage shall be deemed to have occurred during the insured transit.

Concealment : Failure by the insured to reveal certain facts he knows that are not such common information that the Insurer should also know them. Except in ocean marine Insurance an Insurer must prove intent and materiality to deny a claim based on concealment. Concealment is material if the facts concealed would have caused the Insurer either not to write the Insurance or to write it under substantially different terms.

Conclusion of Contract : Marine : A marine Insurance contract is deemed to be concluded between the parties to the contract when the underwriter initials the slip or signs some other document in place of the slip.

Concurrency : Condition which exists where two or more Insurance policies cover the same property in the same manner and subject to identical conditions. though, they may differ in amount or Policy dates. If an insured has a Policy covering the entire contents of a building and another Policy covering only a stock of merchandise in that building there is no concurrency because the property covered by the two policies is not identical.

Concurrent Causation : A legal doctrine in property insurance that makes the insurer liable for damage when property is damaged by two causes, one of which is excluded and the other covered.

Concurrent Causes : Causes of a loss which occur together.

Concurrent contracts : Insurance contracts which exactly overlap in their cover.

Concurrent Insurance : Where two or more Insurance policies which cover the same property in the same manner and subject to identical conditions though they may differ in amount or Policy dates.

Concurrent Review : A case management technique which allows insurers to monitor an insured's hospital stay and to know in advance if there are any changes in the expected period of confinement and the planned release date.

Condition : (i) Those provisions in insurance contracts that quality the insurer's promise of indemnity or those obligations on the insured.(ii) A part of a contract which must be complied with by one party or the other. A condition governs the validity of the contract. (iii) Provision in as Insurance Policy which, along with the insuring agreements, defines the respective rights and duties of the Insurer and the insured in carrying out the terms of the Policy.

Condition Precedent of the Policy : A condition of an insurance a breach of which by the insured entitles the insurers to avoid the policy.

Condition Subsequent to the Policy : A condition of an insurance a breach of which by the insured entitles the insurers to sue for damage though not to escape liability for a claim.

Conditional Probability : The probability of an event given the occurrence fo some other event or combination of events.

Conditional Receipt : A receipt for the initial premium on an insurance proposal, subject to a condition, e.g., that the insurance will not be effective until the insurers have considered and notified acceptance of the proposal.

Conditional Reserves : The aggregate of various reserves which, for technical reasons, are treated by companies as liabilities. Such reserves, which are similar to free resources or surplus, include unauthorized **Reinsurance,** excess of statutory loss reserves over statement reserves, dividends to policyholders undeclared and other similar reserves established voluntarily or in compliance with statutory regulations.

Conditional Sales Floater : A type of policy designed to cover property that has been sold on an installment or conditional sales basis. It covers the interest of the seller.

Conditionally Renewable : A continuation provision in health insurance under which the insurer may not cancel the policy during its term but can refuse to renew under specified circumstances.

Conditions : These are provisions of an insurance policy which state either the rights and duties of the insured or the rights and duties of the insurer. Typical condition have to do with such things as the insured's duties in the event of loss, cancellation provisions, and the right of the insurer to inspect the property.

Condominium Association Coverage Form : A commercial property form designed to cover the joint insurance needs of members of a condominium association who collectively own commercial property.

Condominium Unit Owners Coverage Form : A commercial property form designed to cover the individual needs of commercial (not residential) condominium unit-owners.

Conduction : The transmission of heat through or by means of a conductor by direct contact with a heated element.

Conductor, Moor : In relation to a stage carriage, means a person engaged in collecting fares from passengers, regulating their entrance into, or exit from, the stage carriage and performing such other functions as may be prescribed.

Conductor's License : The Licence issued by a Competent Authority authorizing the person specified therein to act as a conductor.

Conference : A group of vessel operators joined together for the purpose of establishing freight rates. RoRo / Container Vessel – Ship designed to accommodate containers and roll-on-roll-off cargo. It can be self-sustaining. RoRo / Container / Break-bulk vessel – designated to accommodate three types of cargo, usually self-sustaining.

Confining Sickness : Sickness which confines the insured to his home, which is usually defined to include hospital etc.

Confirm : To make valid by a formal assent or ratification. To corroborate or give a new assurance.

Confirmed Letter of Credit : A letter of credit, issued by a foreign bank with validity confirmed by a US bank. An exporter who requires a confirmed letter of credit from the buyer is assured of payments by the US bank even if the foreign buyer or the foreign bank defaults.

Confiscation : The taking and holding of private property by a government or an agency acting for a government. Compensation may or may not be given to the owner of the property.

Confiscation Insurance : The confiscation risk for overseas plant and equipment may be covered by insurance. For marine insurances distinction is drawn between confiscation resulting from war, which is part of war risks insurance, and any other confiscation, e.g., in respect of cargo. Both types of confiscation risk may be covered under a marine insurance.

Conflagration : A highly destructive Fire. A Fire extending beyond a single risk and over a wide area. Sometimes defined in terms of amount of loss.

Conflagration Area : An area over which a destructive fire is thought to be capable of spreading, or has already spread.

Confusion of Goods : Peril, frequently covered in liability policies written for Bailee dealing in others personal property (such as clothing or jewellery) which results in loss of one's property because it becomes confused with other's similar property and cannot be readily located.

Conglomerate : A group of corporations engaged in widely varied activities. In the insurance industry a conglomerate refers to a group of companies with noninsurance interest that purchases an insurance company.

Consensus ad idem : Both parties to a contract should agree to the same thing in the same sense. the consent must arise out of common intention. There will be no consensus if either of the parties or both of them are under an erroneous impression as to some circumstances affecting the contract.

Consequential Damage or Loss : The impairment of value which does not arise as an immediate result of an act, but as an accidental result of it. The term consequential damage applies only in the event no part of land is actually taken. The damage resulting from the taking of a fraction of the whole, that is over and above the loss reflected in the value of the land actually taken is commonly known as severance damage.

Consequential Loss (Fire) Insurance : Policy provides indemnity for loss of gross profit (net profit plus insured standing charges). In addition, the Policy indemnifies the increased cost of working i.e., the abnormal expenditure incurred by the insured to keep the business, as far as possible, at its normal level. The perils covered are the same as those covered under the standard Fire Policy. However, the Policy may be extended to cover special perils like failure of electrical/gas/water supply and property situated elsewhere.

Consequential Loss : A loss that results from direct damage to property. Such loss can occur when property becomes too hot, too cold, too wet, or too dry because an insured peril caused direct damage either to the premises or some remote facility that controls its environment. Consequential loss is usually specifically excluded by the Standard Fire and Allied Perils or any other Basic Standard Policy.. Refer : "Business interruption" and "Change in condition."

Consequential Loss Insurance : Insurance against pecuniary loss, other than material damage, resulting from an insured peril.

Conservation : The insurance company's efforts to prevent current policies from lapsing.

Consideration : Consideration consists of some right, interest, profit or benefit accruing to the one party or some forbearance, detriment, loss or responsibility given, suffered or undertaken by other. In the case of Insurance contracts the consideration moving from the insured to the Insurer is the premium and the consideration moving from the Insurer to the insured is the promise to indemnify. In Insurance the consideration may be statements made on the application and payment of premium.

Consignee : Person or firm to whom goods are shipped under a bill of lading. (b) The individual or company to whom a seller or shipper sends merchandise and who, upon presentation of necessary documents is recognized as merchandise owner for the purpose of declaring an paying customs duties.

Consignee Insurance : Type of business Insurance coverage that protects the consignee from those particular risks associated with receipts of materials.

Consignee Marks : A symbol laced on packages for identification purposes, general consisting of a triangle, square, circle, diamond, cross, with letter and/or numbers as well as port of discharge.

Consignment : Physical transfer of goods from a seller (consignor) with whom the title remains, to another legal entity (consignee) who acts as a selling agent selling the goods and remitting the new proceeds to the consignor.

Consignment Note : Refer : "Bill of lading."

Consignor : A term used to describe any person who consign goods to himself or to another party in a bill of lading or equivalent document. A consignor might be the owner of the goods, or a freight forwarder who consigns goods on behalf of his principal.

Consolidated Option : An option in a business interruption insurance, effected on the Dual Wages basis, for the insured to elect to receive full protection against loss in respect of wages for a longer period than the initial period specified in the policy.

Consolidated Period : The initial period specified in a business interruption insurance on the Dual Wages basis plus the extension of the period provided for under the Consolidated Option.

Consolidated Shipment : An arrangement whereby various shippers pool their boxed goods on the same shipment, sharing the total weight charge for the shipment.

Consolidator : An agent which brings together a number of shipments for one destination to qualify for preferential airline rates.

Consortium : The name for an agreement under which several nations or nationals (usually corporations) of more than one nation, join together for a common purpose. It could be for management or exploitation of a natural resources, as in the case of international petroleum consortiums.

Conspiracy : A combination of two or more personas that by concerted action seek to accomplish an unlawful purpose or to accomplish a lawful purpose by unlawful means.

Constant Premium : A premium that does not vary from time to time.

Construction Bond : Refer : “Bond, Construction Bond”.

Construction of Policy : A Policy of Insurance is to be constructed like any other contract, it is to be constructed in the first place from the terms used in it, which terms are themselves to be understood in their primary sense. The meaning of a word in a Policy is that which an ordinary man of normal intelligence would place upon it, and understandable by ordinary persons.

Constructive Delivery : Intentionally relinquishing control over a policy and turning it over to someone acting for the policy owner such as when an insurer mails the policy to its own agent for delivery to the policy owner. Legally, an insurance policy is considered delivered when mailed or turned over the policy owner or someone acting on his behalf.

Constructive Performance : A situation in which an act has not actually been completed but conduct has gone so far as to show intent to complete the act.

Constructive Total Loss : (01) A partial loss of sufficient degree to make the cost of repairing the damaged property more than the property is worth. For example, an old automobile might suffer damage which could be repaired but the cost of repairs would be more than the actual cash value of the automobile. (02) A loss of sufficient amount to make the cost of salvaging or repairing the property equal to or greater than the value of the property when repaired. (03) This is a 'Commercial' total loss and arises when cargo is damaged and the cost of repairing the damage and forwarding the goods to their destination exceeds their value on arrival at destination. The insured can 'abandon' the goods to the Insurers and claim on the basis of total loss. (04) Sometimes the subject matter of insurance is safe and intact but its recovery is impossible and/or to the cost of recovery incurred would cost more than the value of the insured property at risk. Like a car may fallen in a deep valley and to recover or towing of the same is impossible. Hence the insurer would deem the loss to be total and settle as such. (05) Section 60 of the MIA 1963 provides that the assured may abandon the ship to the underwriters and claim a CTL where : (i) The assured is deprived of the possession of his ship and the estimated cost of recovering it would exceed its saved value when recovered, or (ii) The ship is damaged and the estimated cost of repairing it would exceed its repaired value. It follows that if the cost of recovery/repair does not exceed the insured value of the vessel, the assured has no option but to claim reasonable cost of repairs or awaits the expiry of the policy and claim a depreciation allowance in respect of the unrepaired damage. Breakup value of the vessel or wreck is not to be used in the calculation.

Consul : A Government official residing in a foreign country, charged with representing the interests of his or her country and its nationals.

Consular Declaration : A formal statement, made to the consul of a foreign country, describing goods to be shipped.

Consular Documents : Special forms signed by the consul of a country to which cargo is destined.

Consular Invoice : A document required by some foreign countries, describing a shipment of goods and showing information such as the consignor, consignee, the value of the shipment. Certified by a consular official of the foreign country, it is used by the country's customs officials to verify the value, quantity and nature of the shipment.

Consultant, Risk Management or Insurance : Individual or organization that offers advice or technical assistance for a fee on matters pertaining to Risk Management or Insurance.

Consultation Condition : A Clause in a credit insurance policy that requires the insured to consult with the insurers when they have cause for concern over the creditworthiness of insured buyers or when an insured debt becomes overdue.

Consumer Claims Journal : A law journal for protecting the rights and interests of consumers reporting cases under consumer protection Act, 1986; Monopolies and Restrictive Trade Practices Act. 1969. This is a monthly publication being published from Delhi.

Consumer Protection Act : Refer : "Acts, Consumer Protection Act."

Contact Carriage Motor : A Motor vehicle which carries passenger(s) for hire or reward and is engaged under a contract, whether expressed or implied for the use of such vehicle as a whole for the carriage of passengers mentioned therein, and entered into by a person holding a permit in relaxation of such vehicle or any person authorized by him in this behalf on a fixed or agreed rate or sum on (a) a time basis, or from one point to another, (b) and, in either case without stopping to pick up or set down passengers not included in the contract anywhere during the journey and include (c) a maxi cab and a motor cab.

Contact Damage : In marine insurance, damage to a ship or conveyance by contact with some external substances other than water of another ship. (Damage through contact with another ship is terms collision damage).

Contact Lenses Insurance : Policy cover loss, damage, destruction of contact lenses by any accident or misfortune.

Container : The container as theEnglish meaning implies, refers to its storage and carriage capacity, i.e., it is an equipment used to store and carry goods The term container means a single rigid, non-disposable dry cargo, insulated, temperature controlled, flat rack, vehicle rack portable liquid tank, or open top container without wheels or bogies attached, having not less than 350 cubic feet capacity having a closure or permanently hinged door that allows ready access to the cargo (closure or permanently hinged door not applicable to flat rack vehicle rack or portable liquid tank). All types of containers will have constructions, fittings and fastenings able to withstand without permanent distortion, al the stresses that may be applied in normal service use of continuous transportation All containers must bear manufacturer's specifications.

1. **Container Air Cargo** : Many type of air cargo containers are offered. These are designed in various sizes and irregular shapes to conform to the inside dimensions of a specific aircraft.

2. **Container of Carriers or Shippers :** The term Carrier(s) Container(s) or Shipper(s) Container(s) means containers over which the carrier or the shipper has control either by ownership or by the acquisition thereof under lease or rental from container companies or container suppliers or from similar sources. Carriers are prohibited from purchasing, leasing or renting shipper owned containers.

3. **Container Ship :** Ocean going ship designed to carry containers both internally and on deck. Some are self-sustaining.

4. **Container, Bulk Cargo** : Bulk container is a container fitted with manholes to facilitate loading of bulk cargo though gravity.

5. **Container, FCL :** The full container load consists of cargoes meant for one party, i.e., consignee only. The cargo is stuffed at shipper's warehouse and is de-stuffed at

consignee's warehouse, the responsibility of stuffing. stowing of cargo inside the container is of the shipper.

6. **Container, Flat Rack or Flat** : Flat rack or flat container is a container having its base only. Usually a cargo of odd size and weight is put on to this container and is lashed to it.

7. **Container, Freight - General Purpose defined :** A freight container is rectangular shape, weather proof, for transporting and storing a number of unit loads, packages or bulk material, that confines and protects the contents from loss or damage, that can be separated from the means of transport, handled as a unit load and transshipped without re-handling the contents.

8. **Container, Freight** : The international Organisation for Standardization (ISO) defined a freight container as : "An article of transport equipment : (a) of a permanent character and accordingly strong enough to be suitable for repeated use, (b) specially designed to facilitate the carriage of goods by one or more modes of transport, without intermediate reloading. (c) fitted with devices permitting its ready handling particularly its transfer from one mode of transport to another. (d) so designed as to be easy to fill and empty, (e) having an internal volume of lm^3 (35.3cu.ft.)or more."

9. **Container, Garments :** A garment container is fitted with hangers which helps a garment dealer to stuff a large number of garments in hangers inside the containers.

10. **Container, Gas :** Gas containers are especial containers used to carry gas.

11. **Container, General Cargo :** General cargo container is the most representative type of general cargo that does not require temperature control; it occupies an overwhelming percentage of the total number of containers and is called dry cargo container. It is generally of the closed van type with a door at one end.

12. **Container, LCL :** LCL means less than container load. The container consists of cargoes meant of different parties. The carrier collects cargoes from various shippers and stuffs all of them into a container at the pier. At destination, the carrier's Agents de-stuff the cargoes from the container and deliver the cargoes to respective consignees.

13. **Container, Liquid :** Liquid containers are usually made of stainless steel and have manholes for loading/unloading liquid cargo.

14. **Container, Ocean** : Are designed to moved inland on its own chassis and can be loaded at the shippers plant for shipment overseas. Basic types of containers are dry van, open top, half high, hi cue, flat rock, tank container, refrigerated container, insulated container, tilting container. Average outside dimensions are generally 20, 35 snf 40 feet in length, 8 feet wide and 8 feet high standard.

15. **Container, Open :** The open container is one having no roof and usually provided with a polythene lined tarpaulin to cover the container. The advantage of this container is that heavy machineries, structures, etc. can be easily hoisted by a crane and put inside the container through its open roof.

16. **Container, Special Types :** Special containers such as bulk container, tank container open top container side open container, car container, pen container or livestock container, refrigerated containers etc. (refer containers).

17. **Container, Standard Dry Cargo for :** A standard dry cargo container is container of box type with a door one end, Sometimes containers are provided with side doors i.e., the entire side of the containers can be opened for easier stuffing/de-stuffing. These types of containers are useful when stuffing/de-stuffing is to be done when container is mounted on a wagon or trailer. There are various dry specials like open top[container, flat racks or flats, bulk container, garment containers ventilated containers, etc.

18. **Container, Steel :** They are cheapest, they can be more easily repaired and they can resist damage.

19. **Container, Thermal :Container, Thermal :** Thermal container is designed for cargo requiring refrigerated or insulated storage, covered overall with material of low heat transfer such as polystyrene foam and is classified into three types :
    a. Refrigerated (or reefer) container (for cooled foodstuffs, meat, fish, vegetables, etc.).
    b. Insulated container for fruit, vegetables etc., Here dry ice is used as a cooling medium.
    c. Ventilated container allows for the passage of air by means of apertures on sides or ends, for cargo that requires respiration such as fruit or vegetable.

20. **Container, Ventilated :** The ventilated containers are containers having some means of ventilation required for carriage of special cargo like tea, coffee, etc. These cargoes are liable to sweat if carried in closed box type containers.

Container Corporation of India : A corporation set up by Indian Railways to coordinate and manage container movements and ICDs in India. The corporation is subsidiary of Indian Railways, working with close cooperation and guidance of the Ministry of Commerce.

Container, Feeder Service : Deep sea vessels or mother vessels as they are called, only call at a few limited ports and cargo is accumulated at these ports by feeder service from other ports of the region, Feeder ships are small size vessels of around 300/400 TEUs. These feeder ships transfer the container to deep sea or mother ships at specified ports. As for example, Singapore, Colombo and Madras have been serving as feeder ports where mother ships receive containers from feeder ships of the region.

Container, Identification of : For identification of containers they have markings showing (i) owner code, serial number and check digit, (ii) country code and type code and (iii) maximum gross and tare weight.

Containerization : Is a concept for the ultimate utilizing of cargo used by both steamship lines and air cargo lines. Containers allows a greater amount of cargo protection from weather, damage and theft.

Containers, Leasing of : Containers are taken on lease by carriers from container manufacturing companies. There are four type of leasing arrangements :

a. **Financial Lease**. This is more of a hire-purchase or installment purchase scheme rather than a lease as in this case at the end of the term for which containers are taken on financial lease, the ownership of the containers is transferred to the ship-owners.

b. **Long Term Lease** usually for 03 to 05 years.

c. **Master Lease** : In this case one ship-owner concludes a deal with a container leasing Company for a period of usually 01 or 02 year whereby he guarantees that a minimum number of containers will always be under his lease from the leasing Company and as against this guarantee, the container leasing Company also assures the ship-owner that a minimum number of empties will be made available to the ship-owner at the various ports as agreed upon between the two contracting parties.

d. **Trip Lease or Short Term Lease** for one voyage of one trip.

Container Terminal :

a. **Marshaling Yards, Container Terminal** : The rear portion of the ship's area is known as marshaling yard and is used to pre-stack a limited number of export containers as buffer stock for loading and also to pre-stack limited number of import containers after being discharged from vessels and prior to their removal to container stacking yard.

b. **Ship Areas, Container Terminal** : This comprise a quay line where the container vessels are berthed. Usually modern container terminals are provided with gantries which are heavy cranes required to handle containers. These gantries are generally mounted on rails and move to and from along the entire length and breadth of the container vessels. The gantries are usually fitted with automatic spreader for faster handling of container which is not possible of the if the individual containers are to be manually slung to the gantries. The modern container terminals usually have gantries with carrying capacity of 35-50 meters. The output of a gantry in a modern terminal is estimated at 20/25 TEUs per hour.

c. **Stacking Yard or Container Yard, Container Terminal** : This is the area where the import containers are transferred from marshaling yard and stored until they are taken to container freight station, inland container depots, consignee's warehouses, etc. Similarly, this is the area where export containers are brought from the ship operators warehouses, ICD, CFS, etc. prior to being moved to marshaling yard./quay line for being loaded on board a vessel. Usually the yard is divided into various sub-divisions meant for stacking empties, export containers, import containers and quite often, a separate yard is provided for separate ship-owners.

Content Rate : A Fire Insurance term which refers to the Insurance rate on the contents of the building rather than the building themselves.

Contestable Clause : A provision in an insurance policy setting forth the conditions under which or the period of time during which the insurer may contest or void the policy. After that time has lapsed, normally two years, the policy cannot be contested.

Continental Scale : A scale of benefits payable under personal accident and sickness Insurance.

Contingency : An unforeseen occurrence :

Contingency fund : Monies put aside by a Company in order to pay for unexpected losses.

Contingency Insurance (i) Insurance against relatively remote possibilities e.g., loss arising through the reappearance of a missing beneficiary or secondary liability arising because a person primarily liable is not indemnified by an insurer. (ii) Marine

insurance under which the insurer undertakes topay afixed amount in the event of a contingency occurring.

Contingency Loading : he part of the Insurance premium used to cover the possibility of unexpectedly large or frequent losses having to be paid by the Insurer.

Contingency Reserve : A reserve in an insurer's annual statement, in addition to the legal requirements to provide for unexpected contingencies or losses.

Contingent (or Profit) Commission, Reinsurance : Refer : "Reinsurance, Contingent (or Profit) Commission"

Contingent : Conditional; depending on another happening – a contingent beneficiary is one next in line after the first named.

Contingent Beneficiary : Person or persons named to receive proceeds in case the original beneficiary is not alive. An individual who is entitled to benefits only after the death of a primary beneficiary.

Contingent Business Interruption : Refer : "Business interruption, contingent business interruption".

Contingent Fees : Remuneration based or conditioned upon future occurrences or conclusions, or results of services to be performed.

Contingent Fund : A reserve to cover possible liabilities resulting from an unusual happening.

Contingent Interest : An insurable interest that attaches during the period the property is exposed to risk.

Contingent Liability : Liability imposed upon one party because of accidents caused by persons (other than employees) for whose acts the first party is responsible through the operations of applicable laws.

Continuation of Insurance. Marine Hull : The H&M Policy expires at a predetermined time and date, irrespective of the location, situation or conation of the ship. At the time the ship may be (i) between ports (ii) in peril (iii) in damaged condition. It may not be easy to arrange renewal of the insurance until the ship arrives at her destination. For this he must give prior notice to the underwriter and pay an additional premium or pro-rata monthly basis. Continuation is not automatic. The insured must take positive action to obtain the benefit of the clause and such action must be taken before the policy's natural expiry.

Continuation Option: An option in a group health insurance for an individual leaving the group to maintain insurance in respect of himself.

Continuation, Health : Allows terminated employees to continue their group health insurance coverage under certain conditions.

Continuous Bond : Refer : "Bond, Customs Continuous Bond".

Contra Entry : An accounting entry set against another entry.

Contra Preferentem Rule : A rule of construction whereby if one party to a contract has drawn it up, any ambiguity in the contract will be construed by the courts against that party rather than in his favour.

Contract : A contract entered into by two or more persons under which one or more of them agree, for a consideration, to do or refrain from doings acts in accordance with the wishes of the other party (s). (02) In insurance, the agreement by which an insurer agrees, for a consideration to provide benefits, reimburse losses or provide services for an insured. A "Policy" is the written statement of the terms of the contract. (03) A contract is a legal agreement between two or more parties and has to comply with the provisions of the Indian Contract Act, 1872. An insurance policy is a contract. (04) An agreement under which an agency of agent does business with an insurance.

Contract Bond : Refer : "Bond, Contract Bond".

Contract Carrier : A transportation company that carries, for payment, the goods of certain customers only, as contrasted with a common carrier who carries goods for the public in general.

Contract for Deed : An agreement by the seller to deliver the deed to the property when certain conditions have been fulfilled, such as the completion of certain payments and provisions of Insurance. It has similar features to a mortgage.

Contract for Services : A contract whereby on party undertakes to perform services for the other party as an independent contractor and not as a servant of that other party.

Contract of Adhesion : Refer : "Contract of Insurance, Characteristics, Contract of Adhesion."

Contract of Insurance : Insurance is a contract by which one party in consideration of a price paid to him adequate to the risk becomes security to the other than he shall not suffer loss, damage or prejudice by the happening of the perils specified to certain things to which he may be exposed. It follows that it is applicable to protect men against uncertain events which may in any way be disadvantageous to them, not only to those persons to whom positive loss may arise by such events occasioning the depreciation of that which they possess, but those also who in consequence of such events may have intercepted from them advantage or profit which, but for such events, they would acquire according to the ordinary and possible course of things.

Contract of Insurance, Characteristics : Aleatory Contract : Insurance contracts are Aleatory contracts, i.e., the obligation of at least one of the parties to perform is dependent upon chance. If the event insured against occurs, the Insurer will probably pay the insured a sum of money much larger than the premium. If the event does not occur, the Insurer will pay nothing.

Contract of Insurance, Characteristics : Conditional Contract : Although only the Insurer can be forced to perform after the contract after the contract is effective, the Insurer can refuse to perform if the insured does not satisfy certain conditions contained in the contract. As such, Insurance contracts are conditional contracts.

Contract of Insurance, Characteristics : Contract of Adhesion : Insurance contracts are usually contract of adhesion. The insured seldom participates in the drafting of the contract although risk managers of large firms may occasionally do so and this practice is apparently becoming more common. Usually, the Insurer offer the insured a printed document on a take-it-or-leave-it basis. Courts frequently refers to this characteristic of Insurance contracts when they interpret ambiguous provisions in favor of the insured.

Contract of Insurance, Characteristics : Contract of Indemnity : Property and liability Insurance contracts are, subject to certain exceptions, contracts of indemnity. The person insured under these contracts should not benefit financially from the happening of the event insured against.

Contract of Insurance, Characteristics : Contract of *Uberrimae Fidei* : Insurance contracts are contract of utmost good faith. Both parties to the contract are bound to disclose all the facts relevant to the transaction. Neither party is to take advantage of the other's lack of information.

Contract of Insurance, Characteristics : Personal Contract : Insurance contracts are personal contracts. Although, the subject of a property Insurance contract, for example, is a piece of property, the Insurance contract Insurers a person or persons, not the property.

Contract of Insurance, Characteristics : Unilateral Contracts : After the insured has paid the premium or premium installment and the insured has paid the premium or premium installment and the contract has gone into effect, only the Insurer can be forced to perform, because the insured has fulfilled his promise to pay the premium. This, Insurance contracts are unilateral contracts.

Contract of Insurance, Elements : All Insurance contracts must have the following five essential elements in order that they may be enforceable at law:

- Offer and acceptance
- Consideration
- Consensus and idem i.e., agreement between the parties.
- Capacity of the parties.
- Legality of the contract.

Contra Proferentem Rule : Any ambiguity in contract wording is construed against the drafter of those wordings.

Contract of Service : A contract whereby one party agrees to work as the servant of the other party who can stipulate the way in which the work shall be done.

Contract Price Insurance Clause under Standard Fire and Special Perils Policy: In case of goods sold but not delivered for which the insured is responsible and with regard to which under the conditions of sale, the sale contract is by reasons of the perils covered under the Policy, cancelled either wholly or to the extent of the loss or damage, the liability under the policy shall be based on the contract price and for the purpose of average the value of all goods to which the clause would in the event of loss or damage be applicable shall be ascertained on the same basis.

Contract Rate : A charge levied by carriers selling capacity forward over a given route to a shipper or forwarder; the client is therefore assured of capacity which must be paid for regardless of load carried.

Contract Works (CW) Insurance : CAR + EAR : Refer : "Engineering Contract Works (CW) Insurance : CAR + EAR."

Contract Year : This period runs from the effective date to the expiration of the contract.

Contracting Out : Persons may relieve themselves or restrict their liability by incorporating conditions in the agreements entered into with other parties. So long as these conditions are not contrary to common law, that can be raised as a defense.

Contractors All Risks Insurance : Refer : "Engineering, Contractors All Risks Insurance."

Contractors All Risks Policy Erection All Risks : Refer : "Engineering Insurance : Contractors All Risks Policy Erection All Risks"

Contractors Plant and Machinery Insurance : Refer "Engineering, Contractors Plant and Machinery Insurance."

Contracts, Standardized : Contracts that are uniform at least in part as to content or both content and language. Insurance contracts are standardized to a large extent by Law or voluntarily.

Contractual (Assumed) Liability Insurance: The liability assumed under contract.This insurance protects the insured in the event a loss occurs for which he has assumed liability, express or implied, under a written contract. For example, under most construction agreements with a municipality, the contractor agrees to "hold the municipality harmless" for any accidents arising out of the job. Contractual Liability Insurance would thus protect the contractor from any loss for which the municipality would be liable in connection with the construction

Contractual Duty : In accident Insurance, proposal forms are always used. These forms are designed to obtain all material information about the subject matter of Insurance. The form contains a declaration. The proposer has to declare that he has answered all the questions truly and correctly, and that he agrees that the proposal and declaration shall be the basis of the contract between him and the Insurers. The legal effect of this declaration is that the Insurers can avoid the contract if any answer is inaccurate or incorrect even if the answer is not material to the risk. This means that the answers are required to be fully and absolutely true and correct. This is called the contractual duty of utmost good faith which is far more strict then the common law duty.

Contractual Liability : Legal liability assumed under contract. Refer : "Liability, contractual liability. "

Contractual Saving : Saving where the decision to save was made previously and binds current saving decisions.

Contribute-to-the-Loss Statute : A statute found in some countries that requires Insurers claiming misrepresentation or breach of warranty to show that the fact misrepresented actually contributed to the claim the Insurer refuses to pay.

Contributing Property : Entity which supplies an important raw material or component to another dependent entity. In contingent business interruption Insurance, a partial or complete temporary shutdown of an entity identified in the Policy as a contributing property of the insured is a basis for a covered contingent business interruption loss to the insured.

Contribution : (i) Share of a loss payable by an Insurer when two or more Insurers cover the same loss. (ii) Insurer's share of a loss under as Coinsurance or similar provision. (iii) Portion of the premium for group Insurance paid by an employee.

Contribution by Equal Share : Equal apportionment of an insured loss by two or more Insurers so that each Insurer contributes an equal amount toward the loss until each Insurer's contributes an equal amount toward the loss until each Insurer's contribution equals the least of their individual limits of liability. for example, if Insurer A has a Rs. 2,00,000 Policy for a particular loss and Insurer B has a Rs.

3,00,000 Policy for that same loss, each Insurer would pay half of any loss not exceeding s. 4,00,000. for a loss above Rs. 4,00,000, each Insurer would pay Rs. 2,00,000 and Insurer B would pay any remaining loss until it had paid its Rs. 3,00,000 limit.

Contribution by Limits : Proportional apportionment of an insured loss by two or more Insurers in the ratio of their individual Policy limits to the total of all Policy limits. for example, if Insurer A has a Rs. 2,00,000 Policy for a particular loss, and Insurer B has a Rs. 3,00,000 Policy for the same loss (a total of Rs. 2,00,000 coverage), Insurer A pays 2/5 of the loss, and Insurer B pays 3/5 of that loss, with neither paying more than the amount of its Policy.

Contribution Clause : There is nothing to prevent an insured from effecting two or more Insurances, on the same property. But the insured shall not be entitled to recover more than the full amount of his loss. Contribution also ensures the equitable distribution of losses as between Insurers. Contribution arises in the case of contracts of indemnity where the same interest, the same peril and the same subject matter are insured with more than one Insurer.

Contributory : Plan of Insurance in which part of the premium is paid by the employees and part is paid by employer or union.

Contributory Negligence : The lack of ordinary care on the part of an injured person, which combined with the defendant's negligence and contributed to the injury as a proximate cause. In some jurisdictions, contributory negligence on the part of an injured party will defeat his claim. Refer : "Negligence, contributory."

Contributory Reinsurance : Refer : "Reinsurance, Proportional Contracts : Pro-rata or Risk Sharing Treaty"

Contributory Value : The value of a ship, its cargo and freight, on which general average contributions are based.

Control : Authority given to an agent or broker by a policy owner to place the insurance where the agent or broker sees it.

Control Law : The law of a State / Country that regulate the operations of insurers.

Convection : The transfer of heat that occurs because of the mixing or circulation of heated fluid.

Conversion : It is the wrongful disposition and detention of personal property belonging to another. Conversion usually results from the failure of a person who had legal possession of personal property to return it as agreed.

Conversion Privilege : The right given to an insured person to change insurance without evidence of insurability.

Convertible : Capable of being converted by exchange into property of another kind.

Cooling Off Period : A period during which one has agreed to enter into a transaction such as a health insurance agreement may withdraw without penalty.

Cooperative Insurance : Insurance issued by a mutual association such as a fraternal society, an employee association, an industrial association or a trade union.

Cooperative Insurer : Insurer issued by a mutual association such as a fraternal society, an employee association, an individual association or a trade union.

Cooperative Society : A society owned by the consumers (or the producers) of a product.

Coordinating Committee for Expert Controls (C.O.C.O.M.) : An informal group of 15 western counties established to prevent the export of certain strategic products to potentially hostile nations.

Coordination of Benefits (C.O.B.) : A method of integrating benefits payable under more than one health insurance plan so that the insured's benefits from all sources do not exceed 100 per cent of allowable medical expenses.

Copay provision, Health : Often used with group health insurance policies. The copay provision states what percentage of a claim the company will pay and what percentage the insured will pay. For example, a 90 percent copay provision would provide that the insurer pay 90 percent of claims and the insured pay 10 percent.

Copay, Health : This is an agreement where the covered person pays a specified amount for various services and the health care provides pays the remainder. The covered person usually must pay his or her share when the service is rendered. Similar to co-insurance, except that coinsurance is usually a percentage of certain charges where the co-payment is a rupee amount.

Copayment : Refer :"Copay, Health."

Copyright : The ownership of a work, including industrial designs, plans and drawings by its originator.

Co-Reinsurance : Similar to co-insurance, but referring to reinsurance of risk rather than insurance.

Corner Influence : The effect of street intersection upon adjacent property. The cause of a different value for real property estate adjacent to a corner, as compared with property away from the corner.

Corporate Governance in Insurance Companies : Corporate Governance may be defined as a set of systems, processes and principles which ensure that a company is governed in the best interest of all stakeholders. It is the system by which companies are directed and controlled. It is about promoting corporate fairness, transparency and accountability. Corporate Governance involves regulatory and market mechanisms and the roles and relationships between a company's management, its board, its shareholders and other stakeholders and the goals for which the Company is governed. IRDAI's Corporate Governance are applicable to Insurance Companies in addition to the applicable provisions of Companies Act.

Corporate Social Responsibility (CSR) : In the Indian context it has been mandatory that a Company having a reasonable size shall contribute not less than 2% of their average net profits during the immediately preceding financial years towards CSR activities. The threshold limit for attaining reasonable size has been fixed as one of the (a) net worth of Rs. 500 crores or (b) turnover of Rs. 1,000 crores or (c) Net profit of Rs. 5 crores. This is in order to give back to the Society in which the Company has grown and made profits.

Corporation Loan : A loan to a public company.

Correspondent Bank : A bank that in its own country handles the business of a foreign bank.

Corridor Deductible, Health : A major medical deductible that provides for a deductible or "corridor", after the full payment of basic hospital and medical expenses up to a stated amount. In the event of further expenses, payment is on the basis of participation or coinsurance, such as 80%-20% or 90%-10%, and the deductible is that portion paid by the insured.

Cosmetic Procedures, Health : Procedures which improve the appearance, but are not medically covered.

Cost Containment or Control, Health: The control or reduction of inefficiencies in the consumption, allocation, or production of health care services that contribute to higher than necessary costs.

Cost of Living Benefits : An option disability benefit where the monthly benefit will be increased annually once the insured is on claim for 12 months.

Cost of Living Index : An index, such as the Retail Prices Index, which measures changes in prices over a period.

Cost Sharing : A situation where covered persons pay a portion of the health costs such as deductibles. Coinsurance or copayment amounts.

Cost, Actual Cash : Flexible valuation standard, most often defined as the current replacement of an item of property minus its accumulated depreciation.

Cost, Economic or Use Value : This method recognizes the value of property depending upon the present value of income it produces. It is used when the property is rented or peculiarly designed and the income or profit position of the firm would be directly affected by its destruction.

Cost, Fair Rental : Current price at which an item of real or personal property can be rented for a specified period such as a month or a year under normal market conditions, with neither the lessee nor the lessor being under economic duress.

Cost, Insurance and Freight : A term of sale for goods in transit whereby the price paid by the buyer includes the insurance premium and the shipping charges.

Cost, Market : Current price at which an item of real or personal property can be exchanged between a willing buyer and a willing seller. In case of real estate the market value depends on demand and supply and is established by obtaining offers for purchase. Personal property which is readily available in market can be valued by its purchase price or invoice price from the market.

Cost, Original : Original cost is the money paid for acquisition of the property.

Cost, Original Cost less Accounting Depreciation : Original cost less accounting depreciation without considering inflation and physical or technical depreciation.

Cost, Replacement : Price of purchasing or constructing a new item of property to replace an older, used item of property. Though comparable to the property being replaced, the replacement property may be a newer model, may reflect improved construction techniques, and may be 'new rather than used and 'old'. for any of these reasons, Insurance coverage on a replacement cost basis may be more favorable to an insured than Insurance coverage on an actual cash value basis.

Cost, Replacement Cost New : This is the cost of replacing the property with new property that is not exactly the same but reasonably meets current specifications. The basic problem here is that the business firm would get a new building for an old one. However, the arguments in favour of this method are that (a) The property in its current state is performing its function adequately and new property is the only possible replacement, and (b) Mostly losses are partial and the cost of repairs is not reduced by physical depreciation.

Cost, Replacement Cost, New Less Physical Depreciation and Obsolescence : This method subtracts some allowance from new replacement cost, for physical depreciation, economic obsolescence or both. The reasoning behind the concept is that the business will gain if a property is replaced with a new property. The main difficulty is measuring physical depreciation and economic obsolescence. (i) Physical depreciation is the result of age plus wear and tear. (ii) Economic Obsolescence is illustrated by change in fashion or development of new, more efficient machinery. For valuing personal property, one must be careful to include costs for transportation, installation etc.

Cost, Reproduction Cost : This is the cost of the reproducing or replacing the existing property exactly at the current prices. This measure may produce an unrealistic value as the materials or methods of construction employed twenty years back may be out-dated.

Cost, Tax Appraisal Value : This value is purely for tax purposes and may vary from place to place depending on the local tax levels.

Cost-Benefit Analysis : Procedure for comparing the costs of any proposal with the benefits of that proposal, in order to determine the proposal's relative value.

Costs of Uncertainty Itself : The costs of businesses, families and society that arise out of a concern about potential losses even if they never occur.

Co-Surety : A personal or corporate guarantor of a surety obligation on which one or more of the sureties are directly responsible for the same obligation.

Counter Guarantee : Security given to a guarantor to indemnify him against any liability he may incur as a result of having given his guarantee.

Counter Signature : An additional signature required in some markets to comply with local government regulations; applies when a producer in one state or country controls business located or operating in another state or country.

Countertrade : Reciprocal trading arrangement which includes a variety of transactions involving two or more parties.

Countervailing Duties : Special duties imposed on imports to offset the benefits of subsidies to producers of exporters of the exporting country.

Country Damage : Cotton in bales (fully pressed) may be damaged by sand, grit, mud, oils, rain etc. When these bales are rolled from place to place in course of normal handling such damage may also arise from exposure to weather when baled cotton is stacked in the open awaiting shipment. This type of damage is known as country damage.

Coupon Insurance: Insurance effected by completing a coupon and sending it to the insurer.

Court Bond : Refer : “Bond, Court Bond”.

Court of Protection Bond : Refer : “Bond, Court of Protection Bond”.

Cover : (01) Insurance contract. (02) To effect insurance, that is, to cover an insurance, for instance, for Household Insurance effective as of a given time (03) To include within the coverage a contract of insurance. For example, one could cover additional godowns under a Fire insurance contract.

Cover Limit, Excess of Loss Reinsurance : Refer : "Reinsurance, Excess of Loss Cover Limit."

Cover Note : A cover note is a document issued in advance pending the issue of the Policy, and is normally required if the Policy cannot for some reason or other be issued straightway. Cover notes can also be issued during the course of negotiations to provide cover on a provisional basis. A cover note is not a stamped document but is honored, all the same, by all parties concerned.

Coverage : The scope of protection provided under a contract of insurance; any of several risks covered by a policy. .

Coverage : The scope of protection provided under an insurance policy. In property insurance, coverage lists perils insured against, properties covered, locations covered. Individuals insured and the limits of indemnification. In life insurance, living and death benefits are listed.

Coverage Part : Portion of an Insurance Policy which contain all provisions peculiar to the protection which that coverage part provides. When attached to a Policy "Jacket" 'containing provisions common to all coverage, the coverage part and the jacket together constitute an Insurance Policy.

Coverage Trigger : A mechanism that determines whether a policy covers a particular claim for loss. For example, the difference between the coverage triggers of liability “occurrence” forms and “claims made” forms is that loss must occur during the policy period in the first case and claim must be made during the policy period in the second case.

Covered Expenses, Health : Health care expenses incurred by an insured or covered person that qualify for reimbursement under the terms of a policy contract.

Covered Loss : An accident, including accidental damages by forces of nature, that brings a contract of insurance into play.

Covered Loss : Illness, injury, death, property loss, legal liability, or any other situation or loss for which an insurance company will pay benefits under a policy when such event occurs.

Covered Person : A person who pays premium into the contract for the benefits provided and who also meets eligibility requirements.

Craft Risks : Risks arising when cargo is being landed or transshipped in a small vessel.

Crash Coverage : A type of coverage which is optional under an Aviation policy. It provides coverage for damage to an airplane caused by a crash, and is usually referred to as Hull Coverage or Physical Damage coverage.

Crazing : Cracks in glass resulting from a build-up of heat on one side of the glass while the other side is at ambient temperature. The glass stress fractures and cracks creating the irregular shaped patterns that are part of a fire cause investigation.

Credentialing, Health : This involves approving a provider based on certain criteria to provide or participate in a health plan.

Credibility : Degree of statistical confidence which properly can be ascribed to data on part losses as a predictor of future losses. In general, credibility increases with the number of past losses studied, the similarity of the exposures giving rise to part losses and, with respect to predictions of future losses, the absence of significant changes in future conditions.

Credit Accident Insurance : Insurance to relieve a debtor of his obligations to pay during periods of inability to earn as a result of accidental injury

Credit Card Forgery (Credit Card Insurance) : This protects the insured against losses caused by forgery in the use of credit cards or alteration of them or of any other written instruments connected with them.

Credit Control : The measures taken by a business to safeguard itself against loss through slow payment, or failure to pay, by debtors.

Credit Enhancement Insurance : A form of coverage in which the insurer guarantees the payment of interest and/or principal of the insured in connection with debt instruments issued by the insured.

Credit Guarantee : A guarantee to a seller that a purchaser will pay.

Credit Insurance : Credit Insurance provides protection against loss resulting from default on the part of debtors. Insurance on a debtor in favour of a creditor to pay off the balance due on a loan in the event of death or disability of the debtor. Liability Insurance for abnormal loss from bad debts. With a view to standardizing the features of Credit Insurance products in India IRDA issued Guidelines on Trade Credit Insurance policies which are effective from 13th December, 2010. These guidelines specify that a policyholder should necessarily be a supplier of goods and services and his coverage under the policy should be towards loss incurred due to non-receipt of trade receivables. The credit cover can only be issued on whole turnover basis covering all buyers.

Credit Note : A document notifying the placing of a credit to an account.

Credit Risk : Involves the insolvency of the purchaser of exports.

Creditor : The person to whom a debt is owed.

Cremation Expenses Insurance : Insurance effected by an individual to provide for the expenses of his ultimate cremation.

Cricket Match Insurance, One Day : The Insurance covers the total abandonment of one day cricket match due to specified perils like Fire, lighting, explosion, earthquake, rain flood, storm, riot, strike, malicious damage and terrorist activities. The Policy covers the financial loss actually suffered by the insured i.e., the organizers. It is a condition under the Policy that no liability will attach even if a single ball is bowled. Change in venue or postponement of the match does not constitute a claim. It is prescribed that the tickets issued shall contain a stipulation that once a ticket is sold no refund will be allowed.

Cricket Match Insurance, Twenty-20 : The Insurance covers the total abandonment of Twenty - 20 cricket match due to specified perils like Fire, lighting, explosion, earthquake, rain flood, storm, riot, strike, malicious damage and terrorist activities. The Policy covers the financial loss actually suffered by the insured i.e., the organizers. It is a condition under the Policy that no liability will attach even if a single ball is bowled. Change in venue or postponement of the match does not constitute a claim. It is prescribed that the tickets issued shall contain a stipulation that once a ticket is sold no refund will be allowed.

Crime : A wrong against public laws or customs punishable by fine, imprisonment, or death after trial in a criminal court.

Criminal Activity : Exposure of firms to loss by robbery, burglary, and other crimes from insiders as well as outsiders both.

Criminal Breach of Trust : Whoever, being in any manner entrusted with property, or with any dominion over property, dishonesty misappropriates or converts to his own use that property, or dishonestly uses or disposes of that property in violation of any direction of law prescribing the mode in which such trust is to be discharged, or of any legal contract express or implied, which he has made touching the discharge of such trust, or willfully suffers any other person so to do, commits "criminal breach of trust". (Section 405 of the Indian Penal Code). Criminal Breach of Trust by clerk or servant (Sec. 408), Criminal Breach of Trust by public servant or by banker, merchant or agent (Sec. 409).

Critical Probability Method : Refer : "Risk financial tool, Critical Probability Method."

Criticism: A correction suggested by a rating or auditing bureau to an insurer.

Cromie Rule : A method or guide used to apportion losses under policies which are non-concurrent, that is, not identical as to coverage provided.

Crop Insurance : Insurance as a tool of protection for growing crops against various natural and social perils. Crop insurance may be according to perils insured viz., (i) single peril insurance e.g., Hail insurance, (ii) named peril insurance e.g., up to four perils are covered, (iii) multi-peril insurance e.g., at least five or more perils are covered and (iv) all perils insurance e.g., covers all natural and non-preventable perils. According to object insured it can be (i) single crop insurance covering a single crop e.g., apple insurance against hail and frost or (ii) Multiple crop insurance e.g., a single scheme covers a host of crops like Comprehensive Crop Insurance Scheme (CCIS) and National Agricultural Insurance Scheme (NAIS).

Crop Insurance, Basis Risk : The term mostly used in case "index" based insurance, like yield index, weather index etc basis risk signifies the risk that the index (yield or weather) measurement will not match losses suffered by individual insured farmers. As the geographical area covered by the index increases, basis risk increases as well.

Crop Insurance, Crop-Hail Insurance : Protection against damage to growing crops as a result of named perils. The policy shall cover and seek to indemnify the insured to the extent of loss of input due to loss or damage to the insured tree/fruits occasioned by operation of any one or more of perils either in isolation or in concurrence (a) Fire including forest fire and bush fire (n) Lightning (c) Storm, hailstorm, cyclone, typhoon, tempest, hurricane, tornado whilst in direction and immediate operation over the insured area (d) Flood and inundation (E) Riot strike and malicious damage (f) Acts of terrorism. These are termed as standard perils and applicable for all type of insured fruit crops and plantation crops. Additional/optional cover as is applicable to

specific crop can be granted on selective basis. Sum insured shall be based on the cost of cultivation or input cost i.e., cost of raising/development of insured trees. The policy is issued for fixed sum insured, which is given separately under each crop.

Crop Insurance, Homogeneous Area Approach : An agriculturally homogenous area that can be insured as one unit. This unit may comprise several blocks of land. For loss adjustment in this approach, the actual average yield of a crop is assessed by sample survey through crop cutting or other methods, and compared with the guaranteed (insured) yield. The same yield loss is applied to all insured farmers within the defined area, disregarding individual differences in actual damage and crop yield.

Crop Insurance, Individual Approach : The approach seeks to indemnify the farmer to the full extent of the losses and the premium to be paid by him is determined with reference to his own past yield and loss experience.

Crop Insurance,National Agricultural Insurance Scheme (NAIS), Rashtriya Krishi Bima Yojana (RKBY) : The Government of India introduced the scheme from Rabi 1999-2000 season to protect the farmers against losses suffered by them due to crop failure on account of natural calamities. The scheme is currently implemented by Agriculture Insurance Company of India (AICIL). The scheme is available to all the farmers, loanee and non-loanee, irrespective of size of their holding. The scheme covers all food crops (cereals, millets and pulses) and oil seeds and Annual commercial/ horticultural crops. At present, 10% subsidy on premium is available to small & marginal farmers. NAIS is presently being implemented in 24 States and 2 Union Territories. Claims are automatically calculated based on shortfall in the current season yield obtained from crop cutting experiments conducted by State Governments under General Crops Estimation Survey (GCES) as compared to threshold yield and settled through the rural banking network..

Crop Insurance, National Agricultural Insurance Scheme, Pilot Modified (mNAIS) : In 2015-16, the Modified National Agriculture Insurance Scheme is functioning as a component of National Crop Insurance Programme (NCIP). This scheme covers three kinds of crops: (i) Food crops which include cereals, millets & pulses (ii) Oilseeds (iii) Annual Commercial / Horticultural crops and provides indemnity to the farmers in the event of failure of crops and subsequent low crop yield.This scheme is available to all kinds of farmers, big or small; loanee or non-loanee; Landholders, sharecroppers or tenant farmers. However, loanee farmers i.e. those who have taken farm-loans from financial institutions are covered compulsorily.

Broadly, the scheme covers three stages of crop production. First stage is of planting or sowing, if the crop was prevented from planting / sowing due to deficit rainfalls and adverse seasonal conditions. Second stage is to cover standing crops which got damaged due to unpreventable risks such as drought, flood, Inundation, Pests, Landslides, Natural Fire, Storms, Cyclones etc. Third stage is the time period of two weeks after harvesting when the crops are allowed to dry in field and something wrong happens which destroys the crop such as cyclonic rains/ hailstorms etc.

Crop Insurance, Yield : (a) Guaranteed Yield : The threshold yield of a crop stated in the insurance policy, against which actual yields will be compared when adjusting any losses. Guaranteed yield can be the average yield or some percentage of the average yield based on certain number of years. (b) Normal Yield : That yield which a number of years' experience indicates can be expected from a particular plot under normal conditions, when no extraordinary natural disaster or unusual meteorological events occur. In practice, the modal yield value (the yield most commonly occurring) is taken as the normal yield. The mode is also the yield most commonly conceived by farmers as being acceptable, since they generally ignore bad years when estimating future yields on the basis of past performance.

Crop Insurance, Weather Based, Pilot : Pilot Weather based Crop Insurance Scheme (WBCIS) : Weather Based Crop Insurance Scheme (WBCIS) covers the insured farmers against the likelihood of loss on account of anticipated crop loss resulting from incidence of adverse conditions of weather parameters like rainfall, temperature, frost, humidity etc.WBCIS is built upon the fact that weather conditions affect crop production even when a cultivator has taken all the care to ensure good harvest. Historical correlation studies of crop yield with weather parameters helps in developing weather thresholds (triggers) beyond which crop starts getting affected adversely. Payout structures are developed to compensate cultivators to the extent of losses deemed to have been suffered by them using the weather triggers. In other words, WBCIS uses weather parameters as 'proxy' for crop yield in compensating the cultivators for deemed crop losses.

Cross Liability : When two or more insured are covered under the same liability Insurance Policy, the liability of one insured for harming other(s). The cross liability clause in such a Policy obligates an Insurer to protect each insured separately. (b) Where two vessels, A and B, are in collision in circumstances where both were partly to blame, so that A is liable to B for part of B's damage and B is liable to A for part of A's damage, the Admiralty Court makes a single award to the party who has a net balance in his favour. Marine Hull policies provide that claims shall be settled under the policy on the basis of cross-liabilities, viz., as if each party had been compelled to pay his proportion of the other's damage.

Cross Purchase : A form of business insurance in which each party to a mutual agreement (usually to buy out a disabled or deceased co-owner) insures each of the other parties.

Cross Purchase Agreement : A binding buy-sell agreement usually used with a partnership in which each partner agrees to purchase the business interest of a deceased or disabled partner.

Cubic Capacity (C.C.) : Indicates the power of the engine.

Cumulative Bonus : Refer : "Bonus, Cumulative."

Cumulative Liability : When one bond is cancelled and another issued to take its place and the first bond has a discovery period, the surety Company is exposed to the possibility of loss equal to the aggregate sum of the two bonds.

Cumulative Probabilities : The sum of probabilities.

Cumulative Trauma : Any physical or psychological disability that results from the combined effects of repeated injuries or illnesses. Although each injury or illness may be minor at the time it occurs, the cumulative effect over time can lead to claims for physical or psychological disabilities.

Cure : In maritime law, medical expenses paid by a vessel owner or operator to crew members disabled by illness or injury suffered during a voyage.

Current Liabilities : Short term debts and obligations that must be paid within a period of one year.

Current Liquidity : (IRIS) : The sum of cash, unaffiliated invested assets and encumbrances on other properties to net liabilities plus ceded reinsurance balances payable, expressed as a percent. This ratio measures the proportion of liabilities covered by unencumbered cash and unaffiliated investments. If this ratio is less than 100, the Company Solvency is dependent on the collectability or marketability of

premium balances and investments in affiliates. This ratio assumes the collectability of all amounts recoverable from reinsurers on paid and unpaid losses and unearned premiums.

Current Purchase Price : Refer : "Replacement cost."

Current Ratio : The ratio of current assets to current liabilities. Bond underwriters like this ratio to be 2 to 1 on the balance sheets of contractors for whom they are considering Contract Bonds.

Current Resale Value : The selling price of property.

Current Risks : Insurances in effect at any given time.

Curtain Wall : Exterior nonbearing wall more than one story in height, usually supported by a structural frame to protect it from weather, sound or Fire. In multi-story buildings where such non-bearing walls are one story in height and supported at each floor level, they are known as panel walls.

Custodial Care, Health : Care that is primarily for meeting personal needs such as help in bathing, dressing, eating or taking medicine. It can be provided by someone without professional medical skills or training but must be according to doctor's orders.

Custodian : One who has care or custody, as of some building, a keeper. Property with custodian are less risky and thus entitled to lower Insurance rates.

Custody and Control : Public liability policies often exclude liability for damage to property in the insured's custody and control but the exclusion may require modification or deletion, e.g., in the case of insured who provide car parks or cloakrooms.

Custom and Usage : Custom and usage of a particular trade or market may be a defense to an otherwise valid claim if the parties can be taken to have accepted it, provided the custom or usage is not unlawful.

Custom House Bonds : Bonds required by Custom Authorities in connection with the payment of duties or the production of bills of lading

Customary Stranding : In marine hull insurance underwriters agree to pay the cost of inspecting the bottom of the vessel after a stranding or grounding, even if no damage is found, except if the stranding or grounding takes place in certain specified areas known as areas of customary stranding or groundings.

Customer's Extension : An extension of a property insurance policy to cover customers goods in the insured's custody often subject to the proviso that the insured is responsible for them.

Customhouse Broker : An individual or firm licensed to enter and clear goods through Customs.

Customs Bonded Warehouse : A warehouse where imported goods may be stored for a total of three years without the payment of duty or taxes.

Customs Bonds : The customs bonds are executed in favor of the controller of Imports and Exports guaranteeing proper an honest discharge of duties and responsibilities by the person guaranteed.

Customs Clearance : Clearance of any imported goods means their physical removal from customs areas either for home consumption or for warehousing.

- **Customs Clearance for Warehousing :** It is said that the imported goods are cleared for warehousing when they are not required immediately for use or consumption after landing. Such goods are permitted to be deposited in a warehouse, with payment of 50% duty, as deposit for subsequent clearance on payment of balance 50% duty. In such cases the goods may be deposited in customs bonded warehouse, public bonded warehouse or bonded warehouse within the importers premises at final destination.

- **Ex-bonded Goods :** When the bonded goods are cleared on payment of balance duty, they are said to be ex-bonded.

- **Goods out of Customs Charge**: Goods released for delivery by customs after completion of customs clearance formalities are said to be out of customs charge.

- **Customs Detention Certificate :** Customs may issue a detention certificate stating the period and the cause for which the goods were detained by them, before release (out of charge) but such certificate is issued by them only when the goods are sent by customs for analytical test or they are detained for no fault of the importer or in the event the documents are lost by customs due to which the goods cannot be released.

- **Customs X-Bond Bill of Entry :** When the importer desires to clear the warehoused goods he is required to file in customs an ex-bond bill of entry. After its processing and after payment of duty and warehousing charges the importer will be allowed to clear the goods.

C.W.O. : Cash with Order : A method of payment for goods where cash is paid at the time of order and the transaction becomes binding on both buyer and seller.

C.Y. / C.F.S. : (House to Pier) : Containers packed by shipper of carrier's premises and delivered by shipper to Carrier's CY, all at shipper's risk and expense and unpacked by Carrier at the destination port CFS.

C.Y. / C.Y. : (House to House) : Containers packed by shipper of Carrier's premises and delivered by shipper to Carrier's CY and accepted by consignee at Carrier's CY and unpacked by consignee off Carrier's premises, all at the risk and expense of cargo.

C.Y. : Container Yard : Location designated by Carrier in the port terminal area for receiving assembling, holding, storing and delivering containers, and where containers may be picked up by shippers or re-delivered by consignees. No container yard (CY) shall be a shipper's, consignee's, NVOCC's or a forwarders place of business, unless otherwise provided.

Customs Court : A Court to which importers might appeal or protest decisions made by Customs Officers.

Customs Duty Insurance : The Insurance is on increased value of cargo by reason of payment of customs duty at destination and is subject to the same clauses and conditions as the Insurance on cargo and pays the same percentage of loss as may be paid thereon. In ascertaining the amount of claim recoverable under the Duty Policy, credit shall be given for any rebates or refund of duty which may become allowable. Claims are payable on the basis of actual duty paid or on the basis of the sum insured, whichever is loss. The sum insured for duty shall be adjusted on the basis of actual assessed duty and the Policy shall be one of pure indemnity and not an agreed value Policy.

Customs of Lloyd's : Before the passing of the Marine Insurance Act, 1906, in U.K., marine Insurance was entirely governed by common law. When any practical difficulties arose which could not be resolved by reference to precedents, the Committee of Lloyd's were consulted by the interested parties for a ruling and these rulings eventually were issued in the form of "Customs of Lloyd's. These customs so issued covered only features on which the existing case law was silent or obscure. However, when the particular feature was subsequently decided upon the Court the particular custom became superfluous and was no longer applicable.

Customs Tariff : Schedule of charges assessed by the Government of the Country on imported goods.

Customs Union : An agreement between two or more countries in which they arrange to abolish tariffs and other import restrictions on each other's goods and establish a common tariff for the imports of all other countries.

Cut Off, Reinsurance : Refer : "Reinsurance, Cut Off"

Cut Rate : This term generally applies to insurance companies who charge premium below a normal or average rate.

Cut-Through Endorsement : Refer : "Reinsurance, Cut-Through Endorsement"

Cutting Clause : Warranted that the damaged portion should be cut of and the balance being considered as sound and liability of the insurer shall be only for the length of portion which has been lost by being broken off or cut off. In addition the insurer shall also pay the cost of cutting. This is used in policies covering pipes, cables, sheets or tiles or similar items of length i.e., the cargo which come in different lengths, diameters and dimensions and where a portion of it is damaged, the rest can be used in many cases after cutting off the damaged portion. The object is to limit underwriter's liability to the insured value of the damaged part cut off and the cost of cutting.

Cycle Rickshaw Insurance : The Policy covers loss or damage of pedal cycle rickshaw by accident, Fire, external explosion, malicious damage, theft etc. Policy also covers liability towards third parties for bodily injury and/or damage to the property.

Cyclone : A type of tropical atmospheric 'disturbance' characterized by masses of air rapidly circulating clockwise in the southern hemisphere, a low pressure center, usually accompanied by stormy, often destructive weather. Atmospheric system of low barometric pressure (depression) accompanied by strong winds that rotate counter-clockwise in the northern hemisphere and clockwise in the southern hemisphere. Called 'cyclone' in the Indian ocean and southern Pacific, it is called 'hurricane' in the western Atlantic and eastern Pacific and 'typhoon' in the westernPacific.

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Dacoity : Section 391 of Indian Penal Code defines Dacoity as : "When five or more persons conjointly commit or attempts to commit a robbery, or where the whole number of persons conjointly committing or attempting to commit a robbery, and persons present and aiding such commission or attempt amount to five or more, every person so committing, attempting or aiding, is said to commit "dacoity".

Daily Report : An abbreviated statement of pertinent policy information with copies for the insurer, the agent, and others. It is usually the top page of a policy.

Damaged Value : The actual value on arrival at destination of a vessel or goods which have been damaged. For hulls it is taken as the value without any repairs being taken into account. For cargo the gross damaged value is the value of the damaged cargo after landing charges and duty have been paid. Net value is that before payment of landing charges and duty.

Damages : Monetary compensation or indemnity, which may be recovered in the courts, by any entity who has suffered loss through the unlawful act or omission or negligence of another. A party claiming injury by a negligent act must establish that actual damages of a type recognized by law and measured as money damage did occur.

Damages in Transit : Breakage : To come apart, smash, burst, to cut open the surface of the skin or base. A casualty to the vessel or conveyance may cause breakage in brittle, fragile cargo.

Damages in Transit : Chaffing Damage : Chaffing damage occurs on account of to and fro movement imparted to packages during voyage. Such movement may cause package to rub against each other or to chafe against sharp projections of other packages and surface Chaffing damage also occurs when goods from the top tiers are dragged over the cargo below.

Damages in Transit : Collapse of Stacks : Mainly caused due to improper method of un-stowing. Workers may dig into the stacks at the lower tiers instead of removing progressively the cargo from the top layers. Also when cargo meant for a particular port is discharged, the adjacent cargo stacks meant for subsequent ports, may collapse if not properly secured or lashed.

Damages in Transit : Compression : In ship's holds, cargo pallets and unit loads are stacked usually 4 to 5 tiers high and other break-bulk cargo to a above is proportional to the number of tiers of storage. For example, in a 5 tier stow of 1 ton pallets, the lowest to a static pressure of 4 tons. In conditions of increased gravitational forces when a ship pitches in heavy sea, the goods are subjected to varying compressive forces. These dynamic forces are particularly marked in the fore and aft parts of the vessel, where they can result in an increased pressure of up to 100% on the cargo. Thus, the lowest pallet referred to in the example, could be subjected, in its voyage to a compressive force of 8-10 tons, depending on the situation.

Damages in Transit : Condensation : There are essentially two types of condensation. Ship sweat is caused largely by parts of cargo getting heated and giving off vapor which condenses on ship's structure. Cargo sweat is caused by condensation on cold cargo, of moisture carried by air in ship's hold. Sweat damage can ruin many types of cargo. Textile goods may be discolored, metal and machinery parts may be rested, food products may lose their taste, fibers and wooden material may be stained and chemical substance may change their composition and properties.

Damages in Transit : Contamination : Contamination damage to goods occurs on account of stowing fine and edible goods with cargoes giving of fumes and strong smells, due to use of strong smelling disinfectants in cleaning the holds, due to improper cleaning of holds or due to use of dunnage which was used in the earlier voyages with such cargo as oils and other strong smelling commodities. Foodstuffs are especially susceptible to damage by such contamination.

Damages in Transit : Country Damage : Cotton in hales (fully pressed) may be damaged by sand, grit, mud, oil, rain etc, when these heavy bales are rolled from place to place in course of normal handling. Such damage may also arise from exposure to weather when bated cotton is stacked in the open awaiting shipment. Defective conditions of sheds, inefficient bailing or long periods of open storage are also the principal causes of country damage.

Damages in Transit : Crushing Damage : Crushing damage results on account of pressure on the packages from the load above or from other packages stowed alongside.

Damages in Transit : Fire : Fires on board ship usually are caused by spontaneous combustion of cargoes or by the easily susceptibility of flammable soap/cosmetics et. Some fruits interact by odor or can be tainted by odor of oil. Tobacco, cigars, cigarettes, tea, coffee dairy products are all highly sensitive to taint.

Damages in Transit : Sympathetic Damage : Damage to cargo by way of taint or the like arising from the proximity of other cargo.

Damages in Transit : Taint Damage : Damage to Cargo through stowage in close proximity to other cargo which affects it adversely.

Damages in Transit : Theft : A large variety of consumer items are attractive to thieves, particularly items which are small in bulk but high in value. Theft is said to occur when contents of a package are short or missing following tampering of the package or theft of the package. Theft risk is increased by consumption and easy marketability of the goods.

Damages in Transit : Vibration : Vibrations produce forces that change in amplitude and Direction with a definite frequency or range of frequencies. goods are subjected to vibration caused by engines or road vehicles, propellers of ships or aircraft, impacts from road or rails and handling equipment. Vibration may damage or loosen screws, parts of machinery items cause loosening of electrical contacts and the consequent sparking or leakage of current, seriously impair electronic items like calculators, or even cause structural failure in packaging materials.

Damages in Transit : Water damage and corrosion : Water or moisture penetration into a package or condensation of water vapor within the package could lead to corrosion of contents. All metals with the exception of gold or platinum are susceptible to corrosion in the presence of oxygen deposits of carbonate, red deposits of oxides or black deposits of sulphide on copper, greying of tin, blackening of silver, darkening of nickel, powder formation on aluminum, all are different types of corrosion.

Damages, **Compensatory :** The total of monetary loss experienced by the injured party are compensatory damages and can include special damages and general damages. The distinction between special damages and general damages is that the former can be calculated accurately from the records of actual expenses incurred or financial losses (e.g., loss of salary etc.) suffered whereas the letter are estimated by courts taking into account a number of factors relevant to individual cases.

Damages, Deliberate Damage – Pollution Hazard Clause : This covers loss of or damage to the property insured caused by Governmental or Civil Authorities for the public welfare or to mitigate a pollution hazard or other civil disaster or threat thereof, provided that the accident or occurrence creating the situation which required such Government action would have resulted in a recoverable claim under the policy, if the property assured would have sustained physical loss of damage as a direct result of such accident or occurrence.

Damages, General : Damages paid for harm for which no specific evidence of financial loss is required because such harm- for example, paid and suffering-is presumed to have occurred from the nature of the event. General Damages usually comprise for (i) Pain suffering and distress (ii) Loss of enjoyment of life and loss of amenities (iii) Loss of recreational ability, and/or (iv) Loss of redacted expectation of life.

Damages, **Liquidated Damages** : Specific sum of money which has been expressly stipulated by the parties to a contract as the amount of damages to be recovered by any party for a breach of the agreement by the other(s).

Damages, **Punitive** : Damages levied to "punish" the defendant for acts of gross negligence or outrageous conduct, normally intentional, irrespective of the amount of actual or compensatory damages. Punitive damages are commonly levied on the basis of the amount of assets of the defendant. Also called "exemplary" damages.

Damages,Sentimental : Fear of loss does not give rise to a claim as if the peril feared had been in Direct operation. Thus sentimental damages are not recoverable.

Damages,Special : Special damages include such items as medical expense, cost to repair or replace damaged property and loss of earnings. General damages represent an amount to compensate for intangible loss claimed by the injured party such as pain and suffering, mental anguish and bereavement. These Special Damages are usually computed up to the date of settlement of judgment.

Damnum Fatale (Literally, fatal damage) : Damage caused by a chance event or an inevitable accident for which, since there is no negligence there may be no liability on the part of a person such as a bailee.

Dangerous Goods : Articles or substance capable of posing a significant risk to health, safety or property and that ordinarily require special attention when being transported.

D.A.T. : Dangerous articles tariff.

D.C.A. : Departmental of Civil Aviation. Commonly used term to denote the government department of any foreign country that is responsible for aviation regulation and granting traffic rights.

D.D.D. : Refer "Dishonesty, Disappearance and Destruction Insurance."

D.D.P. : Delivered duty paid. Also known as “free domicile.”

D.D.U. : Delivered duty unpaid. Reflects the emergence of "door-to-door" inter-modal or courier contracts of carriage where only the destination customs duty and taxes (if any) are paid by the consignee.

Data Base System : Collected data that describes an area of interest and serves as the basis of an information retrieval system or for experiments or decisions in this area.

Data Processing Coverage : A special form providing protection for loss due to the breakdown of data processing systems. It also includes coverage for the additional expense of putting the system back into operation.

Date Draft : Draft that matures in a specified number of days after the date it is issued, without regard to the date of acceptance.

Date of issue : The date stated in a policy as the date on which the contract was issued by the insurer. This is not necessarily the effective date of the policy.

Datum Level : In credit insurance, a franchise.

Datum Line Cover : Credit insurance which allows the insured to propose a specific debtor for inclusion in the cover only after his indebtedness has attained a certain level, called the datum line.

Day-One Scheme : A form of index-linked property Insurance.

Days of Grace or Grace Period : Period of time after the due date of a premium during which the policy remain in force (when both coverage of risk is available and also the premium can be paid without any late fees).

De die in diem : From day to day

De facto : As a matter of fact

De Jure : As a matter of law

Dead Freight : Is freight charges paid by the Chartered of vessel for the contracted space, which is left partially unoccupied.

Dead Leg : Dead leg is a sector flown without payload.

Dean Schedule : A system for analyzing relative Fire hazards considering location, exposure, and such factors used as objective standing in determination of Fire Insurance rates in some countries. Formulae for evaluation of Fire hazard y relationship of exposure, occupancy, construction and other related factors.

Death Benefit : The amount stated in the Policy to be paid upon proof of death of the insured. The sum payable as the result of the death of Policy holder.

Debit : Collection of premiums of industrial type Insurance. A group of industrial policies assigned to an Agent for collection and servicing.

Debris Removal Clause : A provision that may be included in a property policy to provide the insured with indemnification for expenditures incurred in the removal of debris produced by the occurrence of an insured peril. Ordinarily a property policy covers only the direct damage caused by an insured peril.

Debtor : One who owes a legal obligation or money to another.

Decedent : Same as deceased.

Decennale Liability Insurance : Liability insurance for contractors, architects and consulting engineering covering both liability for accidents on the site during a construction period and subsequent liability for collapse or defects for up to 10 years.

Deck Cargo : Cargo carried on deck rather than stowed under deck. On deck carriage is required for certain commodities such as explosives.

Declaration : (i) The statement of the proposal form signed by the insured to certify the accuracy of the information he has given. (ii) Portion of some Insurance policies that contain information identifying the insured, the general nature of the coverage, and the basis on which the premium is computed. (iii) In Fire Insurance, declaration refers to periodical returns of the value of the goods dispatched. Under declaration policies these returns stand for the purpose of premium adjustment.

Declaration Basis : An arrangement whereby a provisional premium is paid and subsequently adjusted by an additional or return premium on receipt of a declaration from the insured giving details of value at risk.

Declaration Clause under Standard Fire and Special Perils Policy :In consideration of premium by policy being provisional subject to adjustment on expiry of each period of insurance the insured agrees to declare in writing the value of the stocks (other than retail) less any amount insured by policies other than declaration policies, in each separate building or non-communicating compartment or in the open on the following basis namely (1) average of the values at the risk on each day of the month, or (2) The highest value at risk during the month and to make such declarations by the last date of the succeeding month. In respect of a declaration not being made as stipulated the insured shall be deemed to have declared the sum insured hereby as the value at risk. On expiry the premium shall be calculated on the average sum insured and if the resultant premium is less than the provisional premium the different shall be repaid to the insured buy such repayment shall not exceed 50% of the provisional premium. No reduction in sum insured to be allowed mid-term. Basis of value for declaration shall be the market value and any loss shall be settled on the basis of market value immediately anterior to the loss. Midterm cancellation by insured the premium to be retained shall be the appropriate short premium calculated on the average amount insured up to the date of concealment or 50% of the provisional premium whichever is greater. If cancellation by insurer premium to be retained shall be the appropriate pro-rata premium calculated on the average amount insured up to the date of concealment or 50% of the provisional premium whichever is greater.

Declaration Policy : A form of Policy where the details of the Insurance cover are declared by Policyholder at regular intervals.

Declination : The insurer's refusal to insure an individual after careful evaluation of the application for insurance and any other pertinent factors.

Declinature : The refusal by an insurer of a proposed insurance.

Decline Risk : A list of risks that an insurer will not accept.

Declined Risk Pool, Motor, India : The Indian Motor Third Party Declined Risk Insurance Pool operates in the auto arena for the commercial vehicles to have (i) equitable and fair sharing by all insurers (ii) Simplicity to administer and (iii) To bring claims management efficiency. The policy of Declined Risk Insurance Pool applies to all

commercial vehicles for standalone third party insurance (Act only insurance). The new plan provides an option to insurance companies to choose the liability they would bear totally meaning they would pay up 100% of the claims. When they see high claims, such as on trucks, they can dip into the pool, where every insurer contributes depending on its market share. The latest move by IRDAI will enable insurers to decide on whether they want to write the third party liabilities in a policy involving a Maruti Car, a Mercedes Benz, or a Tata Truck. They could choose to pay up claims in cities where accidents may be less frequent, while transferring to pool those coming from hinterland where there are more accidents. This, in insurance parlance, is called "Declined Risk Pool". IRDAI fixes tariffs for third party motor insurance premiums to ensure that there is no supply side constraints, that is, vehicles considered high risk are not denied cover.

Decomposition : Slow oxidation. Burning without noticeable heat or light. Chemical change of a single substance into two or more different substances.

Deductible : Portion of an otherwise insured loss borne by the insured. The amount or percentage is specified in the policy.

Deductible Clause : A contract provision that sets forth the deductible.

Deductible, Aggregate Annual : Deductible under which the insured retains the full amount of all otherwise insured losses until those retentions total a specified amount during a given calendar or fiscal year. Once this total is reached, the Insurer pays the full amount of al insured losses (subject to other Policy provisions) for the remainder of that calendar or fiscal year. Also called fixed-amount-per-year-deductible.

Deductible, Buy Back : Deductible under which the insured has the option, by paying an extra premium any time during the Policy period, to reduce the amount of a per-loss deductible applicable to any future insured losses.

Deductible, Corridor : Deductible which applies between a layer of primary and a layer of excess Insurance, requiring the insured to retain a portion of each loss which exceeds the limit of the primary coverage before the excess coverage pays any remaining loss.

Deductible, Disappearing : Deductible that gradually disappears as the value of loss increases.

Deductible, Excess, Compulsory Deductible : Portion of an otherwise insured loss borne by the insured. The amount or percentage is specified in the policy, usually in General Exclusions or as a special provision.

Deductible, Franchise : Type of deductible which originated with marine Insurance under which no claim is payable unless if exceeds a stated amount or a stated percentage of the amount of Insurance. For any loss which exceeds that amount or percentage, the entire amount of the loss is paid.

Deductible, Percentage-of-Value Deductible : Deductible, applicable to each loss, which is expressed as a specified percentage of the total value of the insured property (not just the amount of Insurance) at the time of the loss.

Deductible, Split Deductible : Per-loss deductible under which the amount of each loss the insured retains differs, depending upon the peril causing the loss. For example, a split deductible may call upon the insured to pay the first Rs. 5,000 of any Fire loss but only the first Rs. 500 of any windstorm loss or vice-versa.

Deductible, Voluntary Deductible : The additional deductible opted by the insured in consideration of further discount in premium. The clause provides that the voluntary deductible opted shall be in addition to compulsory excess exclusion stipulated under "General Exclusions" attached to the basic policy or its endorsement.

Deductibles, Marine Hull : The deductible is an excess and only the balance amount is payable. If the amount of the claim is less than the deductible, nothing is payable. A claim arises on the policy only where the aggregate of all claims arising out of each separate accident or occurrence exceeds the amount of the deductible. The deductible clause applies the policy deductible to all partial losses covered by the policy. Thus it is applied to :

I. Particular Average
II. General Average sacrifice and contribution
III. Salvage awards and contribution to salvage awards
IV. Sue and Labour
V. Expenses incurred for services in the nature of salvage
VI. Claims under the collision liability clause including costs in relation thereto.

It is however to be noted that deductible is applied only once in respect of each accident or occurrence, so any loss in relation to the above is aggregated for the purpose of applying the deductible.

Deductible does not apply to :

I. Total Loss and/or Constructive Total Loss
II. An associated claim made under the Sue and Labour Clause arising from the same casualty, this means that where an expense is incurred under the Sue and Labor clause, but a total loss results despite all attempts to save he ship, the deductible is not applied to the Sue and Labour charges. Expenses of sighting the bottom after stranding shall be paid even if no damage is found.
III. The total of heavy weather damages arising during the voyage between two consecutive ports is treated as being due to one accident. Where a policy during a period of heavy weather, and a new policy applies, the deductible is assessed in proportion to the days of heavy weather applying to the respective policies during the transit. Heavy weather is deemed to include contact with the floating ice.
IV. Subject to Subrogation up to the amount of claim paid.

De Facto : In actual fact.

De jure : By right.

Deed : A written instrument which conveys certain rights in real property. The written instrument may be quit claim deed, trust deed, or warranty deed, for example.

Deed of Trust : An instrument which is evidence of a pledge of real property as security for a debt, where the title to the real property is held by a third party in trust, while the debtor repays the debt to the lender. The debtor is known as the trustor, the lender is known as the beneficiary, the third party is known as trustee.

Deed Poll : A deed to which there is only one party.

Deemed Attachment Date : The date inserted in a broker's slip by the leading underwriter in place of the actual month of attachment, in order to allow the broker a longer period of credit than would otherwise be permitted under the terms of credit scheme.

Deep Pocket Syndrome : A situation where claims are made based on the ability of the defendant to pay rather on share of blame. An injured party will try to blame the party with the greatest wealth (i.e., deepest pocket) where there is more than one potential defendant. Example : A & B are jointly liable for an injury; A was 90% negligent and B was 10% negligent, but A has no assets; the claimant is permitted to reach into the "deep pockets" of B for the full amount of the award against A & B.

Defalcation : Stealing of money

Defamation : Any derogatory statement which is designed to injure a person's business or reputation. Defamation can be accomplished as libel or slander.

Defamation Insurance : Insurance against liability for libel or slander. Cover is commonly effected by publishers of books and newspapers, local authorities and professional persons. Criminal and intentional libels are likely to be excluded and the insured may be required to bear a proportion of any claim by way of co-insurance.

Default : A neglect, omission or failure to perform duty with intention to cause a financial loss to the employer or other authority.

Defeasance : A clause that provides that performance of certain specified acts will render and instrument of contract void.

Defeasible or Contingent Interest : (i) A defeasible interest is insurable, as also a contingent interest. (ii) In particular, where the buyer of goods has insured them he has an insurable interest, notwithstanding that he might, at his selection, have rejected the goods, or have treated them at seller's risk, by reasons of the latter's delay in making delivery or otherwise.

Defence Costs : Costs incurred by the insured with the written consent of the Insurers in investigation, defence or settlement of any claimant costs of representation at any inquest.

Defence Costs, Public Liability Insurance : Insurance provides for payment of costs incurred by the insured with the written consent of the Insurers in investigation, defence or settlement of any claim and costs of representation at any inquest.

Defendant : The person being sued in a court action.

Deferred Account : An agreement whereby an insured or reinsured is allowed to pay premium by installments.

Deferred Acquisition Costs (DAC) : A deductible from unearned premium, as they become earned, for acquisition and commission costs.

Deferred Payment Credit : Type of letter of credit providing for payment sometime after presentation of shipping documents by exporter.

Deferred Payments : Money payments to be made at some future date.

Deferred Payments Bonds : Bonds issued to the lender of money guaranteeing return of money by the loanee at some future date.

Deferred Period : A period specified in a permanent health policy that must elapse after disablement occurs before benefits starts to run.

Deferred Rebate : The return of a portion of the freight charges by a carrier or conference shipper in exchange for the shipper giving all or most of his shipments to the carrier or conference over a specified period of time (usually 6 months). Payment of the rate is deferred for a further similar period, during which the shipper must continue to give all or most of his shipments to the rebating carrier or conference. The shipper thus earns a further rebate which will not, however, be paid without an additional period of exclusive of almost exclusive patronage with the carrier or conference. In this way, the shipper becomes tied to the rebating carrier or conference. Although, the deferred rebate system is illegal in U.S. foreign commerce, it generally is accepted in the Ocean trade between foreign countries.

Deficit : Any excess of debits over credits at the end of a given accounting period.

Deficit Clause : A condition in a treaty which requires that a deficit at the end of one Underwriting year be carried forward into the account for the next year, when determining the overall profit in a profit commission statement.

Definite Advice : An advice showing the correct, as opposed to provisional, figures.

Deflation : An economic period characterized by falling prices, high unemployment and a generally sluggish or slow economy.

Degree of Care : A duty owed to others which depends on circumstances. Persons who invite others on their premises, those who invite children on their premises and those who sell what might be considered inherently dangerous products are all required to take different degrees of care to prevent harm to others.

Degree of Risk : The amount of uncertainty that exists in a given situation. For instance, if one has chosen heads in the flip of a coin, the degree of risk present is 50%, since there is a 50% chance any flip of the coin will come up tails. Refer "Law of Large Numbers" and "Probability".

Delay in Voyage : As per provisions of 50 of Marine Insurance Act in the case of a voyage Policy, the adventure insured must be prosecuted throughout its course with reasonable despatch, and if without lawful excuse it is not so prosecuted, the Insurer is discharged from liability as from the time when the delay became unreasonable.
However, Section 51 provides excuse for delay as follows : (01) Delay in prosecuting the voyage contemplated by the Policyis excused (i) Where authorized by any special term in the Policy, or (ii) Where caused by circumstances beyond the control of the master and his employer, or (ii) Were reasonably necessary in order to comply with an express or implied warranty, or subject-matter insured, or (v) Where reasonably necessary for the purpose of obtaining medical or surgical aid for any person on board the ship, or (vi) Where caused by the barratrous conduct of the master or crew, if barratry be one of the perils insured against, (02) When the cause excusing the delay ceased to operate, the ship must resume her course, and prosecute her voyage with reasonable despatch.

D.E.Q. : Delivered Ex-Quay/Duty Paid.

D.G.R. : Dangerous Goods Requirement

Del - Credere Risks : Risks of debts arising from insolvency or default of a debtor.

Delegatus Non Protest Delegare : A delegate cannot delegate.

Delete : This refers to the process of taking an individual off a Group Personal Accident or Group Health Policy.

Deliquescent : the chemicals which absorb moisture upon exposure to the atmosphere are said to be deliquescent.

Delivery : The transfer of the possession of a thing from one person to another.

Delivery Guarantee Cover : A form of credit insurance providing compensation if a supplier fails to meet his obligation to deliver.

Demolition Clause : A provision that excludes liability for costs incurred in demolishing undamaged property, often necessitated by building ordinances requiring that structures must be demolished after a certain degree of damage has been sustained.

Demolition Insurance : Insurance written to cover the cost of demolition excluded by a demolition clause. It may be endorsed to Property Insurance for an additional premium.

Demolition Value : The value of property sold as only fit for demolition.

Demurrage : Penalty levied against cargo that is held beyond the generally allowed number of days "free time" of storage, or against a vessel at port of loading or discharge longer than agreed.

Demurrer : A pleading filed in response to a complaint or lawsuit. The demurrer assumes that everything alleged in the complaint is true and contents that even if the plaintiff proves everything he claims true, he will still lose the suit. Although demurrers are often sustained the court will usually allow the plaintiff the opportunity to amend the complaint to make it better.

Denial of Access : Business interruption insurance may be extended to cover loss through denial of access to the insured's premises arising out of a peril insured against.

Density : Density means pounds per cubic foot. It is the weight of the article divided by the cubic feet.

Dental Insurance : A type of health insurance that covers dental care expenses.

Dentist's Liability Insurance : Type of business Insurance protection designed specifically for dentists. Refer : "Professional Indemnity, Medical Practitioners."

Dependence : Exposure units are dependent if loss to one increases the probability of loss to another.

Dependency Period : The period during which children will be dependent on a surviving parent / insured.

Dependent : An individual who depends on another for support and maintenance.

Dependent Coverage : Insurance coverage on the head of a family which is extended to his dependents, including only the lawful spouse and unmarried children who are not yet employed on a full time basis, unmarried daughter, widowed daughter, divorced dependent daughter. Children may be step, foster and adopted as well as natural. Certain age restrictions on children usually apply.

Dependent Properties : Properties which an insured business does not own, operate or control, but upon which the insured's income depends. Examples include major suppliers or customers. Previously known as contingent properties.

Deposit : The term deposit refers to sums of money which may have to be deposited with a Government before permission in granted to transact Insurance business.

Deposit Bond : Guaranteeing payment of bonds to depositors in accordance with the terms of a deposit in a bank.

Deposit Premium : Refer : "Premium, Deposit premium."

Depositor's Forgery Insurance : A type of protection against the forgery or alteration of instruments such as checks, drafts and promissory notes purported to have been written by the insured. It is issued to individuals, firms and corporations, but not to banks or buildings and loan associations. It can be written to cover incoming items, but this is seldom done. Contrast with "Commercial Forgery Policy."

Depository Bond : Refer : "Guarantee, Depository Bond."

Depreciation : A decrease in the value of any type of tangible property over a period of time resulting from use, wear and tear, or obsolescence.

Depreciation : Loss in value. The difference between the replacement cost new and present value. The difference between the values as of two different dates. Also, loosely used, the amount charged against income to offset future depreciation and to recover the capital invested in a wasting asset.

Depreciation Insurance : Insurance under which there is payable in case of loss, the difference between the actual cash value of the loss to the property insured and the cost of replacing or rebuilding it in like size and of similar construction.

Depression : A Region of low barometric pressure in high or mid-latitudes. Also called cyclone or low a large body of rotating and rising air below normal atmospheric pressure which often brings rain.

Design Load : Maximum weight which can be safely supported by a floor. equipment, or structure as determined by its design characteristics.

Designation of Property Clause under Standard Fire and Special Perils Policy: For the purpose of determining, where necessary, the item under which any property is insured the insurers agree to accept the designation under which the property has been entered in the insured's books.

Despatches of Articles by Courier Services :: There are two types of courier service. In one type, the courier carries the parcels as accompanied baggage. IN the other type, the courier consolidates the parcels and dispatches them as booked baggage through carriers. For the first type, policies may be issued to owners of the cargo, if the courier service through whom the parcels are dispatched have obtained necessary professional indemnity or legal liability Insurance Policy. It is also permissible to issue policies to cargo owners dispatching parcels through the second category of couriers. provide the courier Company has obtained (i) Professional indemnity or legal liability Policy for a specific minimum indemnity limit of for any one event : (ii) courier's receipt also contains the carrier's consignment note and date, and (iii) the liability of the courier service is not restricted to less than their statutory liability under a private contract.

Despatches ofDiamonds and Precious Stones : Cover is granted against All Risks at rates which are prescribed for named countries/destinations only and subject to the condition that 5% of the invoice value is declared to the airlines and requisite

valuation charges are paid to them or the parcel is insured with the postal authorities for a minimum of RS. 500/- per package as applicable. The intention is to ensure that the parcel is carried as valuable cargo and not as an ordinary parcel. Transit risks are covered on 'door-to-door' basis, but despatches by airfreight are usually not covered beyond the airport town of destination. Similarly despatches from interior of the airport town of destination. Similarly despatches from interior of India, involving separate local transit prior to customs clearance for export, are usually not covered.

Deterioration : Impairment of condition. One of the causes of depreciation and reflecting the loss in value brought about by the wear and tear, disintegration, use in service and the action of the elements. Deterioration results in depreciation, that is, loss in value.

Deterioration of Stock Insurance (Refrigeration Plant Insurance) (DOS) : “Refer : Engineering Insurance : Deterioration of Stock Insurance (Refrigeration Plant Insurance) (DOS).”

Deterioration of Stocks in Cold Storage Premises due to accidental power failure consequent to damage at the premises of Power Station due to an insured peril under Standard Fire and Special Perils Policy (Material Damage) : On payment of additional premium the Policy is extended to cover destruction of or damage to the property caused by change of temperature in consequence of failure of electric supply at the terminal ends of electric service feeders from which the insured obtains electric supply directly due to damage caused by any peril insured against under the Policy to property at an Electric Station or Substation of Public Electric Supply Undertaking from which the insured obtains electric supply. Provided policy does not cover any loss occasioned by the deliberate act of the Government, Municipal or Local Authority or Supply authority not performed for the sole purpose of safeguarding life or protecting any part of supply undertaking’s system or by the exercise any such authority of its power to withhold or restrict or ration supply not necessitated solely by damage to the supply undertaking’s generating or supply equipment by an insured peril. Excess 24 hours.

Deterioration of Stocks in Cold Storage Premises due to change in temperature arising out of loss or damage to the cold storage machinery (ies) in the Insured’s premises due to operation of insured peril under Standard Fire and Special Perils Policy (Material Damage) : On payment of additional premium the Policy is extended to cover Deterioration of Stocks in Cold Storage Premises due to change in temperature arising out of loss or damage to the cold storage machinery (ies) in the Insured’s premises due to operation of insured peril. Excess 24 hours.

Detoxification :The process an individual goes through when withdrawing from alcohol. Usually is done under guidance of medical personnel.

Developed to Net Premiums Earned : The ratio of developed premiums through the year to net premiums earned. If premium growth was relatively steady, and the mix of business by line didn’t materially change, this ratio measures whether or not a company’s loss reserves are keeping pace with premium growth.

Development : Change in the value of a data element evaluated at successive valuation dates.

Development Factors : The factors emerging from a chain ladder calculation, which are the ratios of claims in successive development years. Sometimes, known as link ratios.

Development Risks : Risks attaching to products which could not have been anticipated when the products were launched in the light of scientific or technical knowledge at that time.

Development Staff : In India particularly in the Public Sector General Insurance Companies the general Insurance business is procured by development staff Directly or through against. The development staff are paid full time employees of the companies. The function of the development staff are : (i) to recommend for recruitment, assist in training, guide and motivate the Agents for procuration of general Insurance business, (ii) to develop and service general Insurance business in the area under his jurisdiction. (iii) to prepare and issue cover notes and kuccha receipts. (iv) to service any business which may be assigned to him by the Company. (v) to discharge such other functions as may be assigned to him by the Company and (vi) to maintain diary in format prescribed from time to time by the Corporation and present it when demanded by the superiors.

Development Statistics : A statement by an original insurer showing details of every claim falling within a proposed reinsurance with figures for the amounts paid and outstanding at the end of each year from the date of occurrence until final settlement.

Development to Policyholder Surplus (IRIS) : The ratio measures reserve deficiency or redundancy in relation to policyholder surplus. This ratio reflects the degree to which year-end surplus was either overstayed (+) or understated (-) in each of the past several years, if original reserves had been restated to reflect subsequent development through year end.

Developmental Risks : Risks attaching to products which have recently been launched and which for specific or technological reasons cannot be anticipated due to the newness of the product. This may apply to a situation where a new product is introduced in an area where there is no prior experience that it will survive successfully under the prevailing conditions and risk exposures in the area.

Deviate : To file or use a rate that is based on but departs from a standard bureau rate.

Deviated Rates : A rate other than the rate that gained approval of the appropriate regulators upon application by a rating organization. This rate is filed by an insurer independent of the rating organization, and is based on the insurer's own loss and expense data.

Deviating Insurer : An insurer offering rates at a discount, below the rates offered by competitors or promulgated by rate-making organizations.

Deviation : A rate that varies from the manual rate.

Deviation : Section 48 of the marine Insurance Act : (01) Where a ship without lawful excuse, deviates from the voyage contemplated by the Policy, the Insurer is discharged from liability as from the time of deviation, and it is immaterial that the ship may have regained her route before any loss occurs. (02) There is a deviation from the voyage contemplated by the Policy : (a) where the course of the voyage is specifically designated by the Policy, and that course is departed from, or (b) where the course of the voyage is not specifically designated by the Policy, but the usual and customary course is departed from. (03) The intention to deviate is immaterial, there must be a deviation in fact to discharge from his liability under the contract.

Deviation Clause : An Ocean Marine Insurance clause providing the insured with coverage in the event of a deviation en route beyond the insured's control. Also, a clause in a

charter party or bill of lading allowing the vessel to deviate without resultant liability of the carrier to the cargo owner.

Diagnosis : The process of identifying a disease.

Diagnosis-Related-Group : (DRG) : Standard categories of treatment used in a system that reimburses health care providers fixed amounts for all care given in connection with specific treatments.

Diagnostic Coverage : Accident and sickness Policy that provides expense up to a stated amount for a expenses of X-ray examination, or towards laboratory taste.

Diagnostic related groups : A medical or surgical condition that recognizes age, sex, and determinants of treatment costs. They are used in paying health care benefits primarily to hospitals.

Difference in Condition Policy : An Insurance Policy purchased to standardize variations in the cover provided by Coal Insurers in different Countries.

Difference in Conditions Insurance: Insurance contract that expands or supplements underlying property Insurance written on a named peril basis so as to cover that property on an All Risk basis, subject to stated exclusion designed to prevent overlaps with the underlying coverage.

Difference in Perils : Refer : "Industrial All Risks Insurance."

Difference Insurance : A fire insurance covering the difference between the value of property at the time of a fire and its reconstruction or replacement value.

Dim Weight : Dimensionalized Weight determined by calculating length x width x height and dividing by 166. Charged when actual weight is less than the Dim. Weight.

Dip-Down Clause : Umbrella liability provision specifying that, in the event the primary Policy aggregate limit is exhausted or reduced, the Umbrella Policy will 'dip-down' and pay primary losses incurred during the Umbrella Policy period.

Direct Action : In English law a third party does not as a rule have a right of direct action against a liability insurer, but in some legal systems he has.

Direct Business : The primary cover provided by the insurer for the insured policyholder, as opposed to any reinsurance cover provided for the insurer. Also, known as primary business.

Direct Costs : Costs that vary directly with the amount of business transacted.

Direct Damage : Loss caused by the immediate hazard or perils as compared with in Direct damage, which is contingent upon the immediate peril.

Direct Insurance : An original Insurance contract between an Insurer and insured exposed to the risk of loss.

Direct Loss : A loss that stems directly from an unbroken chain of events leading from an insured peril to the loss. Loss that is a Direct consequence of a particular peril. Fire damage to a refrigerator would be a Direct loss. Spoiling of food in the refrigerator as a result of the Fire damage would be an in direct or consequential loss, or a loss from a change in conditions. Refer : "Loss, Direct," and "Consequential loss".

Direct Market : The Insurance market in which the insurable interest of the ship-owner, cargo-owner etc. is placed.

Direct Premium Written : The aggregate amount of recorded originated premiums, other than **Reinsurance,** written during the year, whether collected or not, at the close of the year, plus retrospective audit premium collection, after deducing all return premiums.

Direct Selling : A distribution system within which an insurer deals directly with its customers' existing as well as potential through its own employees i.e., without the support of any other intermediary. The channel uses a dedicated sales team, across various locations of the insurance company, to solicit and administer the insurance business. Direct selling also include mail-order insurance and the sale of insurance from vending machines at airport booths and elsewhere.

Direct Writer (Insurer) : (i) An Insurer that markets its services through its own employees (ii) The underwriters who writes the risk that is being Reinsured often than a retrocedant.

Direct Writing : Transacting insurance in direct contact with the public.

Direct Written Premium : The premiums collected, without any allowance for premiums ceded to reinsurers.

Directed Verdict : A verdict for the defendant based on the court's decision that the plaintiff's case has not been proven.

Directive : A formal instruction issued by the E.E.C. to its member-states requiring each state to align its law in the matters indicated in the schedule.

Directors and Officers liability Insurance : D & O : Insurance designed to protect Directors and officers from liability claims arising out of alleged errors in judgment, breaches of duty, and other wrongful acts related to their organizational activities.

Dirty Bill : Refer : "Claused Bill".

Disability : Takes several forms and would depend upon the terms of the individual Policy. Major areas are partial, which is found under accident and health Insurance, permanent partial, which is found under workmen's compensation, accident and health Insurance, permanent total disability which is found under workmen's compensation Insurance, accident and health Insurance. Also temporary total and temporary partial which are found under workmen's compensation, accident and health Insurances.

Disability Income Insurance : Health and Personal Accident Insurance that provides periodic payments if the insured becomes disables as a result of illness or accident.

Disability Percentage Table : A Table showing various disabilities (e.g., loss of an eye or a finger) and the percentage of total disability that each is deemed to represent.

Disability Insurance : Coverage which generally provides non-occupational weekly benefits payable to employees for accident or sickness not within the scope of workmen's compensation law.

Disablement : In the case of injuries different kinds leading to different effects on the person could exist. The net result in these cases will be that the person is not in a position to attend to his normal occupation.

Disablement Benefit : Benefits payable in respect of disablement sustained due to accident, sickness etc. whether temporary partial, temporary total, permanent partial and permanent total under workmen's compensation, health and accident Insurance. These benefits are payable either as a fixed percentage of capital sum insured on weekly basis or a fixed sum as per the provisions of the relevant policies.

Disablement, Permanent Partial : Partial reduction in ability to do things and work that one could when in full health. The degree of disability will vary with the severity of the injury or illness. A provision generally found in accident and occasionally in sickness policies designed to offer some indemnity benefit if the insured cannot perform fully all the important daily duties of his occupation.

Disablement, Permanent Partial : This is a situation where as a consequence of the accident part of a body such as a finger, arm or leg) is permanently severed from the body. Although a part of body is permanently lost, yet the person will be in a position to attend to his duties partially if not to the same extent as before once the wound is healed completely and the person otherwise fit enough to attend.

Disablement, Permanent Total : As a result of the accident the person is permanently and totally disabled. This means that the person is practically reduced to mere mass of flesh. In case of loss of sight the same must be total and irrecoverable hence blind for all practical purposes does not satisfy the definition, but claims are admissible if vision has become so impaired that it is impossible to recognize objects, although the difference between darkness and light can be distinguished. As regards loss of limbs loss of hand and/or foot physical separation at or above the wrist or ankle satisfies the policy requirements. It is not only an amputation or loss of limb, even loss of use of limb consequent upon an accident is as good as actual loss of limb. The provision is applicable when the insured is permanently unable to engage in or attend to his usual business or attend to any business of any kind.

Disablement, Temporary Partial : Temporary partial disablement means that the insured is incapable of attending to a substantial part of his normal duties. It is not sufficient to be “still feeling weak”.

Disablement, Temporary Total : The person is totally confined to his bed for a temporary period only during which time he is not in position to do anything. But he gradually recovers over a period of time and becomes fit to attend to his normal duties.

Disallowed Claim Frequency : The claim frequency calculated using only the number of claims disallowed under an NCD scheme (as opposed to the claims that are allowed not to be counted as claims for the purpose of scheme).

Disbursements : Marine term for expenses for certain labour and supplies which will be lost if a ship is sunk.

Disbursements or Increased Value Policy, Marine Hull : These are ship-owner’s expenses incurred in fitting out and provisioning the vessel and other items not included in the H & M Valuation. An amount up to 25% of the H&M value may be insured, provided no freight insurances are taken. The conditions are against Total and/or Constructive Total Loss of Vessel, plus excess liability for collision, GA, Salvage and Salvage charges and Sue and Labour expenses arising where there is a shortfall between the insured value of the vessel and the contributory value of the Vessel for claims purpose

Discharge : A form of receipt given by a claimant, acknowledging that- he has no further claim in respect of the happening or accident concerned.

Discharge of Cargo at a Port of Distress : In marine Insurance contracts the intention is to cover discharge of the insured cargo at a port of distress. The latter term relates to any port, short of destination, shot of the intended port of discharge, at which the carrier discharges the cargo because the ship has encountered problems which prevent her from continuing transit of the goods. When the cargo finally arrives at its destination it may be difficult to tell whether loss or damage was actually caused by the forced discharge. for example, it may have happened during reloading, onward carriage or unloading at the final port of discharge. Evidence must show that the loss or damage is reasonably attributable to discharge at the port of distress.

Discharge Planning : Determining what the patient's medical needs will be after discharge from a hospital or other inpatient treatment.

Disclosure : A stage in legal proceedings at which the parties to a suit must disclose to each other documents in their respective possession.

Disclosure Authorization : A form authorizing the disclosure of personal information obtained in connection with an insurance transaction. Insurers are required to give applicants advance notice of their information practices. Among other things, the form must state the kind of information collected and to whom information may be disclosed.

Discount : Discount is a reduction in premium in respect of some favorable features of the risk, e.g., discount for Fire extinguishing appliances or for freedom from claims, and where customary, as in marine Insurance, originating from a reward for prompt payment of premium. Also, discount is allowed in lieu of agency commission in respect of business emanating from banks, financial institutions, public sector institutions, institutions having paid-up capital of Rs. 10 lakhs and above etc.

Discounted Reserve : The present value calculated select interest rates and payout patterns of the payment of outstanding losses, LAE or ALAE; distinguished from full value reserve.

Discovery Cover, Reinsurance : A reinsurance treaty covering losses that are discovered during the term of the treaty regardless of when they were sustained.

Discovery period : The time allowed to the insured after termination under certain bond and Policy provisions to discover a loss which occurred during the period by the contract and would have been recoverable had the contract continued in force. This period varies from six months to three years where a Company can fix the period of time to be allowed. It may be governed by statute and in certain bonds the period is indefinite because of statutory requirements.

Discrimination : Refusal of an insurer to provide comparable insurance or use comparable rates for certain individuals or groups with basic characteristics the same as those to whom the coverage or rates are offered. Unfair discrimination is prohibited by law.

Disease : Term whose Insurance usages are more limited and specific than in general English. In an Insurance Policy a "disease" often is either any one of a specified list of pathological conditions or any illness which requires hospitalization.

Dishonest Misappropriation of Property : Section 403 of Indian Penal Code define Dishonest misappropriation of property as "whoever dishonestly misappropriates or

converts to his own use any movable property, shall be punished with imprisonment of either description for a term which may extent to two years, or with fine, or with both.

Dishonesty, Disappearance and Destruction Insurance (DDD) (3-D) : An insurance Policy providing broad coverage, in various amounts selected by the insured, against employee dishonesty, disappearance or destruction of money and securities and depositors, 'forgery' together with a great number of additional optional crime coverage.

Dismemberment : Accidental loss of limb or sight.

Dismemberment Benefit : The benefits payable for various types of dismemberment.

D.O.T. : Department of Transportation.

D.S.T. : Double Stack Train service which is the transport rail between two points of a trainload of containers with two containers, one on top of the other, per chassis.

Displacement Light : The weight of a ship without stores, bunker fuel or cargo.

Disputes, amount of claim : Disputes regarding Insurance claims relating to the amount payable under the Policy are settled through the process of arbitration provided in the Arbitration Act, 1996, as amended up-to-date. The arbitration condition in the Policy gives effect to this position.

Disputes, question of liability admissible : Disputes relating to question liability are to be settled through litigation. for example, if the Insurers contend that the loss is not payable because it is not covered under the Policy the matter has to be decided by a court of law. Against, if the Insurers refuse to pay the claim on the ground that the Policy is void because it was obtained through fraudulent non-disclosure of material facts (breach of legal duty of 'utmost good faith') the issue has to be resolved through litigation.

Dissent : This occurs when one or more judges disagree with the majority decision.

Distance Marketing of Insurance Products: IRDAI has issued guidelines pertaining to ‘Distance Marketing of Insurance Products’ which says that distance marketing includes every activity of solicitation (including lead generation) and sale of insurance products through (i) voice mode, which includes telephone calling (ii) Short messaging service (SMS); (iii) Electronic mode which includes e-mail, internet and interactive television (DTH), (iv) Physical mode which includes direct postal mail and newspaper and magazine inserts, and (v) Solicitation through any means of communication other than in person. These guidelines cover distance marketing activities of insurers / brokers and corporate agents (with specific approval of insurers) at various stages including offer, negotiation as well as conclusion of sale. IRDAI guidelines include adherence to various aspects related to pre-recruitment training and passing of exam by the specified persons, selling insurance through tele-calling and maintenance of records as well as adherence to the provisions of Telecom IT Act, 2000, TRAI Act, 1997, The Telecom Unsolicited Commercial Communications (Amendment) Regulations, 2008, etc.

Distress Insurer : An insurance company specializing in substandard risk, usually in the field of automobile insurance.

Diversification : Spreading of risk. It may be accomplished by several different technique such as geographically, by type of risk, by type of coverage or by insuring more risks that are separate exposures.

Divided Coverage Burglary : Grouping of property of classes in an Insurance Policy, with a separate maximum amount of payment stipulated for each class to cover the loss or damage sustained with that class. A Burglary Policy written under divided coverage would specify that the Company would pay up to a certain sum for the theft of jewellery, silverware, and furs, up to another amount for household furnishings.

Divided or Specific Coverage : Property Insurance that applies separate Policy limits to narrowly defined types of property or to the same type of property at different locations.

Dividend : The return of party of the policy's premium for a policy issued on a participating basis by either a mutual or stock insurer. A portion of the surplus paid to the stockholders of a corporation.

Divisible Contract Clause : A clause providing that a violation of the conditions of the policy at one insured location will not void the coverage at other locations.

Division Wall : A partition, meeting stated standards of construction, that separates a structure into two areas so that the Fire in one area will have less chance to spread into the other areas.

Divisional Office : The Divisional Officeis the kingpin in the organizational setup of the Indian Public Sector General Insurance Companies and to ensure that the lines of communication are the shortest, is vested with full authority for acceptance of business and settlement of claims within stipulated limits. As a matter of fact, the Divisional Offices perform all the functions of a medium size Insurer, excepting those relating to Reinsurance and investment. Divisional Office are also obliged to control and monitor Branches, Extension Counters and Micro Offices under their control.

Dnyanajyoti, Journal : A leading journal on Insurance and management published bi-annual by the National Insurance Academy, Pune.

Dock Receipt : When cargo is delivered to a steamship company at the pier, the receiving clerk issues a dock receipt.

Doctors' Package Insurance : Policy is issued to cover (a) Fire and allied perils in respect of building and contents, Burglary/house breaking, theft in respect of contents; (b) Fidelity guarantee for cashier / compounder / any other authorized employee (c) Money in transit with the doctor his compounder or any other authorized employee (d) loss of or damage to doctor's kit by fire, theft or accident during visits within the municipal limits (e) All risks cover for ECG machine and such other equipment pertaining to doctor's profession, (f) signboard (g) professional liability.

Doctrine of State Decisis. : Once a court decision is made in a case with a given set of facts, the courts tend to adhere to the principle thus established and apply it to future cases involving similar facts.

Documents Against Acceptance (D/A) :Instructions given by a shipper to a bank indicating that documents transferring title goods should be delivered to the buyer (or drawee) only upon the buyer's acceptance of the attached draft.

Dog Insurance : Refer "Pet Dog Insurance".

Dol : An intentional act which is wrongful or unlawful.

Domestic Insurer : Insurer formed under the laws of and headquartered in the country in which the Insurance is written. Contrast to alien Insurer.

Domino Theory : Refer : "Loss control, Domino Theory".

Donkey / Yak /Pony / Mule / Horse Insurance : Policy covers indigenous, cross bred and exotic drought and half drought horses, mares, ponies, donkeys, mules and yaks used for carrying weight, cart work, marriage purposes drawing sulkies coaches, vans and utilized for farm work. Horse Insurance (Blood Stock) is not covered. Age group of the animal is 2 to 8 years and coverage and exclusions are as per Cattle insurance.

Donkey Insurance : The Policy covers indigenous, cross bred and exotic drought and half drought donkeys used for carrying weight, cart work etc. and provides compensation against death due to accident and/or disease contracted or occurring during the Policy period.

Door-to-Door : A shipment term. In a door-to-door operation the transport contract covers all stage and costs excepting customs dues of transport between the point of purchase of the goods, that is usually from the premises o the seller to those of the buyer.

Dosimeter : Instrument or material used for measuring a person's exposure to radiation.

Double Indemnity : Policies that provide for twice the face amount of the Policy to be paid if death results from stated but generally accidental causes. A provision under which the principal sum in an accident Policy, and sometimes other indemnities are doubled when accident is due to certain causes. As for example, some Personal Accident Policies by way of an endorsement give the insured person double the indemnity benefits in case of Permanent Total Disablement.

Double Insurance : If the insurance policy is taken from more than one underwriter where total or part of period of insurance, total or part of subject matter of insurance and total or part of sum insured are same, then this is called double insurance. Double insurance is for period, subject matter and sum insured for which both the policies run concurrently.

Downside Risk : The chance that actual outcomes will be worse than some fixed level.

Draft : The depth necessary to submerge a ship to her load line.

Draft or Bill of Exchange : An unconditional order in writing from one person (the drawer) to another (the drawee), directing the Drawee to pay a specified amount to a named Drawer at a fixed or determinable future date.

Dram Shop Exclusion : An exclusion in liability insurance policies for liability resulting from distribution of alcoholic beverages.

Dram Shop Law : Liquor liability laws are called dram shop laws. They provide that a person serving someone who is intoxicated or contributing to the intoxication of another person may be liable for injury or damage caused by the intoxicated person.

Dram Shop Liability Insurance : A form of insurance contract that protects the owners of an establishment in which alcoholic beverages are sold against liability arising out of accidents caused by intoxicated customers who have been served or sold the alcoholic beverages.

Drawback : A U.S. Customs Law that permits an American exporter to recover duties paid on imported foreign raw materials or components included in products that are subsequently exported out of the United States.

Drawee : The individual or firm on whom a draft is drawn and who owes the stated amount to the drawer.

Dread Disease Insurance : Insurance providing an unallocated benefit, subject to a maximum amount, for expenses incurred in connection with the treatment of specified diseases such as cancer, poliomyelitis, encephalitis and spinal meningitis.

Drencher : A fire prevention appliance which covers a building externally with a curtain of water to prevent fire from spreading from one building to another.

Drive Other Car Coverage : Liability coverage that may be added to an organizations Motor Policy extending liability coverage to individuals named in the endorsement, such as employees, while they are driving cars which neither they nor the organization own.

Drive-in-Claim Service : A facility maintained by some insurer in which the extent of damage to a claimant’s automobile can be determined and in many cases a settlement made.

Driver, Motor : The term 'Driver' in relation to a Motor vehicle which is drawn by another motor vehicle, the person who acts as a steer man of the drawn vehicle.

Driving License : Refer : "License, driving."

Drought : Acute shortage of rainfall. It is a progressive phenomenon, in terms of an accumulating soil moisture stress for plant growth.

Drug Formulary : A schedule of prescription drugs approved for use which will be covered by the Health Insurance Plan of the insurer and dispensed through participating pharmacies.

Drug Utilization Review : A method for evaluating or reviewing the use of drugs in order to determine the appropriateness of the drug therapy.

Druggists Liability Insurance : A contract that protects a druggist in case of a suit arising out of filing prescriptions, missed delivery of drugs and other operations normal to a drugstore.

Dry Lease : The rental of a “clean” aircraft without crew, ground staff or supporting equipment.

Dual Capacity Doctrine : Rule of civil procedure which permits an employee entitled to workers compensation benefits to also sue the employer on the basis that the employer acted wrongfully in some other capacity (for example, as a supplier of goods or an occupant of premises) causing harm to the insured employee and is therefore obligated to compensate the employee for more than workers compensation benefits.

Dual Valuation Clause : A clause in a marine hull policy providing one value for a total loss and another for all other purposes.

Dual Wages Basis : A basis for the insurance of wages in a business interruption policy giving the insured full cover against having to pay unproductive wages for one period and more limited cover for a further period.

Duck Insurance : The Policy covers all types of migratory and non-migratory birds in India and duck farms consisting of certain minimum number of ducks. All birds in the Poultry Farm, however, should be insured. The Policy provide indemnity against death of ducks due to accident including lightning, flood, cyclone, famine, riot and strike, civil commotion or diseases contracted or occurring during the Policy period. Ducks are usually insured from day one to 52 weeks, 53rd week to 104 weeks and 105 weeks to 120 weeks. Common exclusions as per Poultry Insurance. Specific exclusions include improper management, overcrowding under growth cannibalism, action of predators like carnivorous animals and birds, loss due to temperature variation, sun-stroke, heat stroke, cold-stroke etc., loss due to huddling or piling or improper hygienic care. Duck viral hepatitis, duck viral enteritis (duck plague), ornithosis, duck influenza etc are covered if properly vaccinated and treated in proper time. Transit by any mode excluded. Diseases contracted prior to and within 15 days of commencement of risk excluded.

Due Date : The date on which a premium is due for payment.

Duplication of Benefits : Overlapping or identical coverage of the same insured two or more health plans, usually the result of contracts of different insurance companies, services organizations or prepayment plans; also known a multiple coverage.

Duplication of Exposure Units : Refer " "Segregation of Exposure Units."

D.W. /D.W.T. : Deadweight (tons of 2,240 lbs.) It expressed the number of tons (of 2,240 pounds) of stores, fuel and cargo that a ship can transport. It is the difference between the number of tons of water a ship displaces “Light” and the number of tons it displaces when submerged to her load-line. Ship building industry usually employs this method of tonnage measurement. In countries where metric system is prevalent it refers to tonnes as well.

D.W.C. : Deadweight for Cargo. It refers to the unit o measurement of cargo and is expressed as either a weight or measurement. The weight ton in the USA is the short ton of 2,000 pounds or 40 cu. Ft. In the British countries the long ton of 2,240 pounds or 40 cu. Ft and under the metric system the metric ton 1.000 kg cu metric.

Duration Certificate : A certificate sought by an insurance company from a private medical adviser during the currency of a permanent health insurance.

Duty Insurance, Marine : The Insurance is on increased value of cargo by reason of payment of customs duty at destination and is subject to the same clauses and conditions as the Insurance on cargo and pays the same percentage of loss as may be paid thereon. In ascertaining the amount of claim recoverable under the Duty Policy, credit shall be given for any rebates or refund of duty which may become allowable. Claims are payable on the basis of actual duty paid or on the basis of the sum insured, whichever is loss. The sum insured for duty shall be adjusted on the basis of actual assessed duty and the Policy shall be one of pure indemnity and not an agreed value Policy.

Duty of Disclosure : A common law duty on the part of a proposer for insurance to disclose to the insurer all material facts, viz., all facts that would influence a prudent insurer in deciding whether to grant the insurance and, if so, on what terms.

Duty to Minimize Loss (the "Duty of Assured" Clause) : The Duty of Assured Clause contained in the Institute cargo clauses provides that : (1) The insured must take reasonable measures to avert or minimize any loss recoverable under the Policy. (2) He must protect his right of recovery against the carriers etc. by complying with the legal requirement as to notice of claim on the carriers. Note : The Insurers will, in

addition to any loss payable, reimburse the insured for any charges properly and reasonably incurred towards minimizing losses under the Policy.

Dwelling : A dwelling is a building occupied principally by people as a home.

Dwelling Insurance : Refer : "Householders Insurance."

Dwelling Insurance, Long Term Special Fire and Allied Perils Policy (Material Damage) : Refer “Long Term Special Fire and Allied Perils Policy (Material Damage), Long Term Policy for Dwellings.”

Dynamo Clause (or Electrical Exemption) : Property Insurance clause providing that damage to electrical appliances caused by artificially generated electrical current is insured only if Fire ensures, and then only for the damage caused by the Fire.

E

E.D.I. OR E.D.I. FACT : Electronic Data Interchange for Administration, Commerce and Transport, from the Un-backed electronic data interchange standards body to create electronic versions of common business documents that will work on a global scale. One digital document under consideration, the International Forwarding and Transport Message singularly will do the job of various electronic messages currently in use.

Earned Income : The money individuals earn as a result of working at some job or occupation for which they are paid a salary.

Earned Premium : Premium for which protection has been provided. When a premium is paid in advance for a policy period, the company "earns" a portion of that premium only as time elapses during that period.

Earnest Money Bond : Refer : "Bond, Bid-bond."

Earth Movement : A peril including landslide, mudflow, earth sinking, rising or shifting and earthquake.

Earthquake : A convulsion of the Earth's surface produced by volcanic or similar forces within its crust. (Note : An earthquake could result in serious Fire damage or more commonly, extensive shock damage to property. India is lying within a Seismic belt and extensively heavy damage could be caused from such occurrences).

Earthquake Fire and Shock Cover as an Add On peril Standard Fire and Special Perils Policy (Material Damage) : This add on only if the entire property in one complex / compound / location is covered and the sum insured is equal to the main policy excluding the value of the plinth and foundations. (i) If insured opts to delete Storm tempest etc perils or does not take Flood Extra then the policy be extended to cover loss or damage (including loss or damage by fire) to any of the property insured by earthquake including landslide / rockslide resulting there from but excluding flood or overflow of the sea, lakes, reservoirs and rivers caused by Earthquake. (ii) If Insured has opted for Storm etc perils as also Flood perils then the notwithstanding anything stated in the printed exclusions of this policy the contrary, this insurance is extended to cover loss or damage (including loss or damage by fire) to any property insured occasioned by or through or in consequence of earthquake including flood or overflow of the sea, lakes, reservoirs and rivers and /or landslide/rockslide resulting therefrom.

Earthquake Insurance : Insurance covering damage caused by an earthquake as defined in the contract.

Earthquake Shock Cover : Covers loss or damage (other than loss or damage by Fire) caused by Earthquake.

Easement : An interest in land owned by another than entitles its holder to specific uses.

Economic Life : The period over which ownership of property will be profitable to its owner.

Economic Risk : A risk experienced by those who invest in securities identified as the uncertainty of the economy.

Economy Wording : Where, in fire insurance, co-insurers issue separate policies the full specifications may be included only in the policy of the leading insurer, other policies containing an outline only, as a measure of economy.

ECU : European currency unit. : A notional unit of monetary value used in the European community.

E-Distribution Channel of Insurance Products : Due to increasing internet penetration as well as the changing buying behavior of the consumers the online world has become an attractive medium for the insurers to distribute and advertise their products. This channel also referred as "Online Channel of Insurance Distribution / Marketing" offers tremendous geographical reach at a much lesser cost. The insurance companies have also developed appropriate processes to support their customers in completing the closure of the buying process by a dedicated team through various interventions including telephonic / e-mail clarifications of doubts and to support the customer in completing the process.

8ths method : A basis for estimated unearned premium reserve, based on the assumption that annual policies are written even over each quarter and the risk is spread evenly over the year. For example, policies written in the first, second, third and fourth quarter of each year are assumed to contribute one – eighth, three eights, five eights and seven-eighths, respectively of the quarters' written premium to be unearned premium reserve at the end of the year.

E.M.L. : Estimated Maximum Loss : An expression used in Fire, explosion and material damage policies only. An estimate of the monetary loss which could be sustained by insurers on a single risk as a result of a single fire or explosion considered by the underwriter to be within the realms of possibility.

Education Fund : Personal Accident Policies in addition to usual death and disablement benefits also provide without any additional premium the benefit of Education Fund for the Dependent Children of the deceased insured. It provides that in the event of death or Permanent Total Disablement of the Insured Person the Company will also pay compensation towards Education Fund for the dependent children (i) For one child up to age of 23 years - 10% of CSI up to a maximum of Rs. 5,000/-. (ii) For more than one child up to age of 23 years - 10% of CSI up to a maximum of Rs. 10,000 (iii) The age limit of 23 years shall apply on the date of accident only. Provided that the total amount payable under this head under all Personal Accident policies shall be limited to a maximum of Rs. 5,000/- in case there is one dependent child and Rs. 10,000 in case there are more than one dependent child.

Effective Benefit : A benefit payable in lieu of another (e.g., a lump sum benefit may be allowed for specified fractures or dislocations in lieu of weekly indemnity).

Effective Date : The date upon which the policy is put in force, the inception date.

Efflorescent : When a substance evolves moisture upon exposure to the atmosphere it is said to be efflorescent.

Ejusdem Generis : Of the same kind.

Elective Benefits : Those conditions which may be chosen by the insured in settlement of his claim as alternate to another form of compensation. Thus in an accident cum sickness Policy upon the happening of a certain accidental injury causing temporary total disablement the payment may be for the period of the disability or a lump-sum payment may be elected. The optional benefits.

Electric Motors and Equipment Insurance Policy : Type of business Insurance coverage. Also known as Machinery Breakdown Insurance. Refer : "Engineering Insurance, Machinery Breakdown".

Electrical Exemption Clauses (Electrical or Electrical Apparatus Exemption Clause) : Several different paragraphs in Fire Insurance policies limiting coverage to electrical machinery damage by electric current. A clause attached to a Fire Insurance contract stating that, in the event of electrical injury or disturbance to electrical appliances, including wiring caused by artificially generated electric currents, the Insurer shall be liable only if Fire ensues and then for the damage by Fire only.

Electronic Data Processing (EDP) Coverage : Specialized type of insurance designed to cover computer equipment, data systems, information storage media and expenses or income loss related to EDP losses.

Electronics Equipment All Risks (EEI)Engineering Insurance : Refer : "Electronics Equipment All Risks (EEI)."

Elephant Insurance : The scheme is applicable for trained elephants used for commercial and/or religious purposes within the age category of 5 years to 60 years. Circus and privately owned elephants may also be accepted for insurance. The insured elephant would be covered against death due to the disease or accident occurring anywhere in India or such other country or countries as may be agreed in writing during the Policy period. Valuation and accordingly sum insured varies from breed to freed, from area to area, from purpose of use to purpose of use and from time to time. Value of tusk is excluded.

Elevator Collision Coverage : Coverage for damage caused by collision of an elevator without regard to fault. This includes damage to personal property, the building, and the elevator itself. Liability coverage is usually provided automatically by Business Liability Policies.

Eligibility Date : The date that a person is eligible for benefits.

Eligibility Period, Health : The period of time during which one may sign up for a group insurance plan without giving evidence of insurability. (02) The period of time under a Major Medical Policy during which reimbursable expenses may be incurred.

Eligibility Requirements : This term refers to conditions which an employee must satisfy to participate in an employee benefit plan, or conditions which an employee must satisfy to obtain certain employee benefits.

Eligible Dependent : A dependent of an insured person who is eligible for coverage according to the requirements set forth in the contract.

Eligible Employee : An employee who is eligible based on the requirements as indicated in the group contract.

Eligible Expenses : Expenses as defined in the health plan as being eligible for coverage. This could involve specified health services fees or "customary and reasonable" charges.

Eligible Person : Similar to eligible employee except it could be a contract covering people who are not employees of a specified employer. An example might e members of an association, club, committee or union.

Elimination Period : The period that must elapse before disability income is payable under a health insurance policy covering disability income loss.

Embargo : Prohibition of ships from sailing under tonnage.

Embezzlement : Misappropriation by an employee of money or goods of the employer coming into possession of the employee before they reach actual or constructive possession of the employer.

Embezzlement Insurance Policy : Insurance Policy to provide against defalcation of money. The fraudulent use of money or any other property which has been entrusted to one's care. Type of business Insurance cover protecting one from losses caused by embezzlement by one's employees or staff or others.

Emergency Accident Benefit : A tailor made group medical benefit plan which reimburses the insured person for expenses incurred for emergency treatment of accidents.

Emergency Exposure Limit (EEL) : Maximum concentration of toxic substance to which a person can safely be exposed for a very brief period, such as thirty seconds, if a foreseeable emergency demands. An emergency exposure limits typically permits a higher concentration of a Toxic Substance Limit Value (TLV) or Permissible Exposure Limit Z (ZPEL). Refer : "Permissible Exposure Limit" and "Threshold Limit Value".

Emergency, Health : An injury or disease which happens suddenly and require treatment within 24 hours.

Emergency, Liability Exposure : If a person in a moment of imminent danger, acts in a way which causes injury to another, he will not be held liable in negligence if his act was not unreasonable in the difficult situation in which he was placed.

Emotional Distress : Usually not covered if a claimant was a bystander to an accident, but usually covered if he was physically involved.

Employee : One who performs services for another under a contract of hire; acting under the Direction and control of the person by whom he is hired.

Employee Benefits : Advantages besides salary or wage that an employee may have through his employment.

Employee Dishonesty : Any dishonest act of an employee which may contribute to a loss for the employer. Fidelity Guarantee Bonds are usually used to protect against such losses.

Employee, Defined (WC Amendment Act 2009) : An employee is deemed to be a workman within the meaning of the Act if the following pre-requisites are present : (a) a contract of employment (expressed or implied, oral or written) between the employee and the employer : (b) relation of master and servant between the two, and (c) employment is for the purpose of the employer's trade business.

Employee’s Compensation Insurance : The Policy protects the employers against their legal liability to their employees for payment of compensation arising as a result of death or disablement of the employees arising out of and in the course of employment. This liability may arise under the Workmen's Compensation Act, 1923; the Fatal Accidents Act, 1855 or at Common Law. (1) THE WORKMEN'S COMPENSATION (AMENDMENT) ACT, 2009 is now renamed as THE EMPLOYEE'S COMPENSATION (AMENDMENT) ACT, 2009 and wherever "workman" or "workmen"

is mentioned in the entire Act the same needs to be read as "Employee"…(2) The compensation payable on death from the injury, is (i) minimum of Rs. 80000 is increased to Rs. 120000 or (ii) 50% of the monthly wages of deceased multiplied by the relevant factor. (3) The compensation payable on Permanent Total Disablement from the injury, is (i) minimum of Rs. 90000 is increased to Rs. 140000 or (ii) 60% of the monthly wages of deceased multiplied by the relevant factor. Table 'A' cover : Provides indemnity against legal liability under THE EMPLOYEE'S COMPENSATION (AMENDMENT) ACT, 2009 Act, Fatal Accidents Act and Common Law. This may be issued for only those employees who come within the purview of the definition of 'workmen' under the WC Act. Table 'B' cover : Provides indemnity against legal liability under the Fatal Accidents Act and Common Law. This may be issued to cover only those employees who are not 'workmen' within the meaning of the term under the WC act.

Employees' State Insurance Scheme : Scheme was introduced under ESI Act, 1948 for blue-collar workers employed in the formal private sector. The Scheme provided for comprehensive health service through a network of its own dispensaries and hospitals. It is also supplemented by services purchased from Authorized Medical attendants and private hospitals. The scheme is largely financed through a contribution from employers and employees which is supplemented by the Central and State governments. The Scheme covers over 60 million beneficiaries as of March 2015.

Employers' Liability : An employer is liable under law towards the employees to pay compensation in respect of injury or disease arising out of and in the course of employment. The employers' legal liability for "employment" accidents may arise due to (a) Personal negligence of the employer, (b) The employer's negligence in failure to use reasonable care and skill in the provision and maintenance of suitable an safe plant, safe place to work and safe system of work, (c) Breach of statutory regulations in regard to the safety of employees e.g., Factories Act, (d) Personal negligence of fellow employees, (e) Negligence of employees in the performance of their employment duties. As against the employer the employee is in a relatively weak position and it would be most difficult for him to successfully prove negligence on the part of the employer and claim compensation. As such, the Workmen's Compensation Act was brought into existence which is now named Employee's Compensation Insurance. Refer : "Employee's Compensation Insurance ".

Employer's liability Insurance : Refer **"Employee's Compensation Insurance** ".

Employment Accident, the Employers' Legal Liability : The employers' legal liability for employment accidents arises as follows : (i) Personal negligence of the employer. (ii) The employers' negligence in failure to use reasonable care and skill in the provision and maintenance of suitable and safe plant, safe place of work and safe system of work. (iii) Breach of statutory regulations in regard to safety of employees (e.g. Factory Acts). (iv)Personal negligence for fellow employees. (v) Negligence of employees in the performance of their employment duties.

Employment Practices Liability :Coverage against allegations or illegal or discriminatory hiring firing practices, sexual harassment of employees, and so on.

Empty Leg : Results from an aircraft primarily chartered outbound having cargo capacity inbound or vice versa. A cheap form of airfreight.

Encounter, Health : Each time a person meets with a health care provider to receive services, is a separate "encounter".

Encounters Per Member Per Year, Health : The total number of encounters per year divided by the total number of members per year.

Encroachment : The act of trespassing upon the domain of another. Partial or gradual invasion or intrusion. Encroachment of low value district upon high class residential section.

Encumbrance : Any outside interest in or right to property founded on legal grounds, such as a mortgage, lien for work and materials, or a right of courtesy. It diminishes the interest of the person owning the property, but does not prevent conveyance of the fee by the owner thereof. Mortgages, taxes, judgments are encumbrances known as liens. Restrictions, easements, reservations are encumbrances though not liens.

Endorsement : Document attached to a Policy which modifies the Policy's original terms. Endorsement overrides the more general provisions in the Policy itself. In a way endorsement is a written amendment affecting the declarations insuring agreements exclusions or conditions of an insurance policy. A Rider.

Endorsement Extending Period of Indemnity : An endorsement attached to Business Interruption insurance policies which extends coverage to the period during which a business has reopened for business but have not reached the level of business activity which existed prior to the Business Interruption loss.

Endorsement in Blank : Commonly used on a bank cheque, an endorsement in blank is an endorsement to the bearer. It contains only the name of the endorser and specifies no particular payee. Also, a common means of endorsing bills of lading drawn to the order of the shipper.

Endothermic Reaction : A process fog change that absorbs heat and requires it for initiation and maintenance.

Energy Package Policy : Refer : "Oil and Gas Wells Insurance, Energy Package Policy."

Energy Release Theory : Refer : "Loss control, Energy Release Theory."

Engineer (Loss Prevention Engineer or Safety Consultant) : An insurer's staff member who is charged with the responsibility of loss prevention and who assists in the securing of underwriting and rating information.

Engineering Insurance : Insurance protection available for construction, erection, commissioning, test run, operation, expansion etc., of a plant, machinery, boiler, equipment, civil construction, contractors plant and machinery, project, deterioration of stock, loss of profit, advance loss of profit . Provides coverage for own damage as well as to surrounding property, coverage for bodily injury to employees, to the third parties, loss of profit etc. The following are the main classes of engineering Insurance.

Engineering Insurance : Advance Loss of Profit Insurance (ALOP)/ Delay in Start-up Insurance (DSU): ALOP is also known as Delay in Startup and cover financial consequences of a project being delayed because of Occurrences related to natural perils inherent defects and human failures that lead to material damage of an accidental nature resulting into accidental damage to the project material during erection/testing stages and thereupon consequently loss of profit due to delay in startup of the Project. It basically follows the principle characteristics of an annual consequential loss policy but is issued in advance of the actual commencement of the business since it is a compulsion from the financers of the Project. For the insurers, the financial consequences at stake are those which relate to the period after the contractor would have handed over the plant to the owner/principal and commercial

operations commenced. Thus, the principal alone and his financiers have an insurable interest in the financial consequences of a delay in the project and as such policy is issued to the principal / owner of the project with the interest of the financiers suitably recorded. Policy provides to indemnify the principal or the project owner for the actual financial loss sustained due to delay in commencement of the commercial operations of a new project which is under installation/construction. Delay must be caused by direct physical loss or damage admissible under material damage CAR/EAR policies covering the contract works. Sum Insured is computed on the basis of the financial model of the project. The period for ALOP coincides with the EAR/CAR policy period including the testing period, if covered, and terminates with the commencement of commercial operations. The period of indemnity commences on the COD i.e., the day on which the project would have been taken over by the owner had the accident not occurred, and ends on the day the commercial operation starts. The time excess or the waiting period is the period within the period of delay for which loss is borne by the insured.

Engineering Insurance : Aero Engine Breakdown Insurance : The policy is to provide mechanical breakdown coverage for gas turbine aero engines on fixed-wing aircraft and helicopters between scheduled overhauls. The target markets are corporate owners, charter, commuter and small to medium airlines as well as aero clubs. This type of breakdown coverage should be seen as a supplement to aircraft hull insurance which usually indemnifies damage to ingestion, impact, etc. An aero engine as defined in the policy wording shall mean a certificated engine supplied by the engine manufacturer or through its approved vendors as referenced in the respective engine illustrated parts catalogue. The policy shall cover unforeseen and sudden breakdown to the insured engines, necessitating their repair or replacement. Loss or damage covered is mainly due to faulty design , faulty assembly, bad workmanship, defects in casting and material, faulty operation i.e., pilot's error, tearing apart on account of centrifugal force, short circuit and other electrical causes or internal fire.

Engineering Insurance : Boiler Explosion (Boiler and Pressure Plant) Insurance : For Steam Generating Vessels like Boilers, Economizers, Super-Heaters, sec. Steam is also used in thermal power plants to drive the turbines. Policy covers boilers, economizers, super heaters, steam pipes, pressure vessels, other vessels under steam gas or air pressure. The perils covered are explosion or collapse, damage to boiler, pressure vessel etc, damage to surrounding property of the insured and liability to third party. Major exclusions are fire policy perils, war and nuclear perils, external explosion.

Engineering Insurance : Civil Engineering Completed Risks Insurance (CECR): Policy to cover unforeseen and sudden physical loss or damage to civil engineering completed projects viz., Bridges, Dry docks, Harbors, Jetties, Railway lines, Runways, Water Pipelines, Canals, Irrigation system, Tunnels, Water reservoirs, Rock Filled dams. CECR is a named perils policy. It covers the insured against any unforeseen and sudden physical loss or damage necessitating repair or replacement caused by (a) Impact of land borne or waterborne vehicles or aircrafts or articles dropped therefrom (b) Earthquake, volcanism, tsunami, (c) Storm (air movements stronger than Grade 8 on the Beaufort Scale) (d) Flood or inundation (e) Subsidence, landslide, rockslide or any other earth movement (f) Frost, avalanche, ice, snow (g) Vandalism of individual persons (h) Fire, lightning, explosion. Also, additional perils can be included by endorsement depending on the location and type of risk involved e.g., bush fire. The property must be insured at new replacement value including removal of debris. Period of insurance one year.

Engineering Insurance : Comprehensive Machinery Insurance : The trend in recent years has shown that more and more insureds are looking for "all risks" cover. One

alternative to covering damage to machinery by means of machinery insurance, fire insurance, MLOP and FLOP is to offer an "ALL RISKS" policies offering all this coverage in one. This olicy offers all risks cover of a predominantly engineering nature particularly against machinery breakdown, fire, lightning and chemical explosion as well as natural perils for the entire insured plant with only a few property exclusions and excluded perils. In addition MLOP and FLOP too can be incorporated. The cover can be adapted to the specific features of a risk by means of a series of clauses. The is useful for Power Plants, Transformer Stations, Power Distribution Systems, Equipment at Open-cast mines and ore-dressing plants, Plants in the metal working, steel production, cement factories, stone working, breweries, bottling plants and Transport and traffic systems, wastewater treatment plants and water supply systems. Cover is granted at the business locations specified and also during transportation for the purpose of cleaning, renovation, repair or maintenance.

Engineering Insurance : Comprehensive Project Insurance (CPI) : Major projects and investments present great opportunities but also harbor risks. Introducing Comprehensive Project Insurance (CPI) covering Construction risks such as bridges, tunnels and dams and Erection risks such as complex industrial facilities and power stations which have to be commissioned and undergo a performance test before take over by the client. The Policy is usually a tailor made policy designed to cater to the insurance requirement of each insured separately and appropriately. Usually it is reinsurance driven cover. Section IA Covers Project Works – complete industrial facilities, machinery, construction project above or below ground, preparatory work at construction site, any material to be used in the construction work stored at the site. Additional covers are for loss or damage from faulty manufacture. Section 1B is Marine Cargo Insurance taken out for transport of major items particularly from abroad. The period of insurance covers the construction and erection period including testing and defects liability phase. Sum insured to be the new replacement value. Section 2 covers third party liability including cross liability. Section 3 covers Delay in Startup. Section 4 is for Marine Cargo.

Engineering Construction Annual Policies (Floaters) : Policies intended for contractors who normally undertake construction works of similar nature in sufficiently large numbers e.g., dwellings, apartments, residential units like row houses, bungalow, commercial buildings and the like. Effecting a separate CAR policy for each contract becomes administratively cumbersome and inconvenient to handle. Open covers are as such the most appropriate tools for both the insurers and the insureds. Such Open Covers or Floaters will usually be issued under Annual Policies on any of the two different basis viz.,

(1) Individual Declaration basis (Contract Commenced basis) : The cover will be provided only for works actually commenced during the policy period, to be individually declared.

(2) Turnover basis : The cover will be provided on the basis of the annual turnover of the contractor from activity of construction works of similar nature. The cover under any of these basis is automatic for any contract work commencing after inception of the policy.

Engineering Contract Works (CW) Insurance : CAR + EAR : In practice we come across some special types of contracts in which both the civil engineering work and machinery installation work may be of significant degree. Example, Hydro Electric Project which involves (a) Heavy Civil works like construction of dam, coffer dam, various tunnels, power house building, pen stocks etc., and (b) Installing, testing and commissioning work in respect of machinery like water turbines, electric generator, control room, transformers, switchgear etc. Both the types of work, at certain stages may require to be carried out simultaneously and machinery parts like turbine

casing are also to be embedded in civil works. Neither the EAR nor the CAR alone can meet insurance requirements instead if issued separately they may result in gaps and /or overlap in coverage. Thus, a composite policy named Contract Works Insurance Policy combining CAR and EAR is devised. The normal terms and conditions of both CAR and EAR% apply to the respective works but policy helps in eliminating any gaps and overlaps in cover. (b) There is another term for Contract Works known as an Open Annual Floater policies for contractors who normally under constructions of similar nature in sufficiently large numbers. Effecting a separate CAR policy or EAR policy for each contract becomes administratively cumbersome and inconvenient to handle. Thus, the Annual Floater Cover.

Engineering Insurance : Contractors' All Risks : PURPOSE to protect the interest of Contractors, Principals and/or Financiers. The policy is ideally suited for civil engineering projects like multistoried buildings / bridges / flyovers / dams / roads / canals / silos / tunnels etc. The value of the civil works should be more than 50%. The Policy cover all risks that is to say that almost any sudden and unforeseen loss or damage including accidents losses like collapse, impact, fire, lightening, explosion, act of God perils, Human perils like theft, burglary, bad workmanship, lack of skill, negligence, malicious acts, human error, terrorism, third part liability etc. The policy can be extended to cover perils of removal of debris, maintenance cover, extended maintenance, additional expenses for overtime / express freight / air freight, additional custom duty and increased replacement value.. The sum insured is estimated completely erected value of the contract works inclusive of wages, materials, cost of construction, freight, custom duty, taxes and items supplied by principal. The sum insured is adjustable on completion of construction on the basis of actual values in respect of construction cost, freight and custom duties. However, increase or decrease in prime cost of material is not taken into account. Supplementary Covers : Construction Machinery, Clearance and Removal of Debris, Damage to existing property of the insured at the site, Additional expenses incurred for overtime, work on public holidays, express freight, air freight, legal liability, Escalation to take care of inflationary trends, Temporary works or structures at project site, Additional expenses for air freight, additional custom duty for replacement over and above the custom duty taken into account., Maintenance Cover.

Engineering Insurance : Contractors All Risks Policy Erection All Risks : Neither the CAR policy nor the EAR policy alone can meet the insurance requirements of special projects in which both the civil engineering work and machinery installation work are significant components of the project. For example, a Hydro-Electric project involves (a) ivil works like construction of dam, various tunnels, etc., and (b) machinery installation, testing and commissioning work in respect of water turbines, electric generator, etc. In such a situations, a combined policy (CAR & EAR) known as Contracts Work Policy is issued.

Engineering Insurance : Contractors Plant and Machinery Insurance : Policy is issued to cover Contractors Plant and Machinery like pile driving equipment, excavators, compressors, cranes, mixing plants, stone crusher, bulldozers. Perils covered are unforeseen and sudden physical loss or damage from any cause including fire and lightning, external explosion, burglary, theft, riot and strike, malicious damage and terrorism, earthquake, flood and other act of God perils, accidental damage due to man-handling, dropping or falling, collapse, collision and impact. CPM is covered while it is at work or at rest, while being dismantled for cleaning or overhauling or reassembling thereafter. The machinery is covered while the same is lying at Contractors own premises or at the various sites or locations. Transit risk from one site to another is not covered under this policy.In respect of Machinery/ equipment, whether registered with RTO or not, but engaged at the Project site, the Insured, has an option either to select the Motor/Non-Motor Policy under Motor Tariff or CPM

Policy in the Engineering Department. Supplementary Covers : TP Liability and TP property damage, Expenses incurred for overtime, express freight, air freight, over time, holiday rates of wages, etc, Cost incurred in the Clearance and removal of debris following an accident, Loss or damage to existing surrounding property, additional custom duty.

Engineering Insurance : Deterioration of Stock Insurance (Refrigeration Plant Insurance) (DOS) : Deterioration of stock cover is a follow-up cover to Machinery Breakdown Insurance and may only be taken out in connection with the latter. The Insurance covers deterioration of goods stored in cold storage, which might arise due to a breakdown of refrigerating machinery. The Policy includes deterioration damage due to refrigerants escaping or leaking as a consequence of an indemnifiable machinery breakdown, a rise or fall in cooling temperature or directly resulting from any indemnifiable material damage to the refrigeration plant. In the Indian Market it is customary to have two different forms of policies : (i) Deterioration of Stocks Insurance (Other than potatoes) : This policy is for stock of fish, prawns, frog legs and other types of sea foods, fruits, cheese, provisions and other dairy and agricultural products etc. (ii) Deterioration of Stock Insurance (Potatoes) : This policy is exclusively meant for the contents of potato cold storage. The policies follows a Machinery Insurance Policy and it is a condition precedent under DOS policy that a claim would be admitted under the Machinery Policy.

Engineering Insurance : Electronics Equipment All Risks (EEI) : The policy is specifically designed for electronic equipment like computers including cpu/ keyboard / monitor / printer / stabilizer / Ups / server / systems software, electronic data processing (EDP equipment, electro-medical equipment, equipment for research and material testing, telecommunication and navigational equipment, computer system for production plant and machinery, signal and transmitting units, etc. Policy comprises three sections (01) Covers any sudden and unforeseen physical loss damage due to any cause other than those specifically excluded. Sum insured to be current new replacement value. (02) External Data Media – Perils covered are same as Section 01. Sum insured is cost of restoring the insured external data media by new material and reproducing lost information. (03) Increased Cost of Working : Additional Cost incurred during the indemnity period to avoid interruption data processing. Insured to declare the indemnity limit per hour and the total sum insured.

Engineering Insurance : Erection All Risks – EAR (Storage cum Erection – SCE): Erection All Risks provides virtually a comprehensive cover for the entire project of installation/erection of machinery and equipment where the cost of civil works does not exceed 5% of the project cost., from the time of arrival of the first lot of materials at site and terminates on completion of erection/testing / commissioning or the plant is taken over, whichever shall occur earlier and during the maintenance period thereafter. One month testing is inbuilt under the policy. The cover is an “All Risks” basis i.e., every hazard is covered which is not specifically excluded. Any sudden and unforeseen loss or damage occurring during the period of insurance to the property insured on the site of erection will be indemnified. Usually similar to Contractor’s All Risks Cover. Also, Refer : Engineering Insurance : Contractors' All Risks.

Engineering Insurance : Machinery Breakdown Insurance : Policy is issued for covering loss or damage to Plant and Machinery such as Boilers / Pressure Plants with auxiliaries, electrical equipment like alternators / generators /motors / rectifiers / switchgear / transformers / mechanical plant / machinery including engines, pumps, process machinery, blowers, compressors, refrigeration plant, turbines, machine tools and presses, lifting equipment like lifts, hoists, cranes, conveyers. Policy covers unforeseen and sudden physical loss or damage by any cause (other than exclusions) while it is at work or at rest or while being dismantled for cleaning or overhauling or during cleaning or overhauling, during subsequent

erection/reassembly or while being shifted within the insured premises. Loss producing event could be (a) Electrical short circuit, arcing, failure of insulation, malfunctioning of control circuits etc., (b) Mechanical e.g., faulty material, casting, vibrations, maladjustments, loosening of parts, abnormal stress, centrifugal forces, defective lubrication, failure of protective devices, (c) External / accidental e.g., entry of foreign body, impact, collision, etc. Sum Insured need be current new replacement value including transportation to site, duty, erection or installation cost. However, Policy does not cover Fire Policy risk and perils.

Engineering Insuance : Machinery Leasing Insurance : The main object of machinery leasing insurance is to protect the leasing company's interest as the owner of installations and machinery leased for a certain number of years under various leasing contracts. It also covers the interests of the lessee, however. It is an all risks cover with the same scope as that of Electronic Equipment Insurance. The type of machines and equipment automatically insurable by declarations under the contract, which is in the form of a master policy. Installations are insured with an automatic extension of the annual cover up to a maximum of five years, theusual length of a leasing contract. The individual value of the leasing contracts, which are automatically covered on declaration, is subject to a limit per insured location.

Engineering Insurance : Machinery Loss of Profit Policy (MLOP) and Boiler / Pressure Plant Loss of Profit (BPLOP) Insurance Marine – cum – Erection All Risks Insurance (MCE) (Machinery cum Erection (MCE) Policy: Policy covers business interruption losses consequential upon material damage as defined in the respective policies. The indemnity is provided against loss of net profit, loss of insured standing charges and increased cost of working. Insured has the option to select the key items of the Plant where stoppage would seriously interrupt the business, e.g., steam boiler, turbo alternators, transformers, major process machinery and so forth for Material damage + Loss of Profit. It is a condition under MLOP that a claim must first be admitted under the concurrent material damage (Machinery or Boiler) Insurance policy before a claim becomes admissible under the MLOP. However, if no payment is made solely as a result of an excess under the material damage policy, i.e., the liability admitted, the MLOP loss will be admissible.

Engineering Insurance : Marine – cum – Erection All Risks Insurance (MCE) (Machinery cum Erection (MCE) Policy : MCE Policy provides Marine all risks cover in conjunction with Erection All Risks (Storage cum Erection) Policy. Policy will commence from the time of dispatch of the first consignment to the project site and a separate marine transit policy for imported and indigenous equipment / project material on all risks plus war and srcc terms is issued in conjunction with EAR/SCE Policy. Policy continues during the storage / erection / test operation or test loading / trial running etc and expire after completion of the project/ handing over to the principals or the date specified which is earlier. One month testing is inbuilt under the policy. Also, Refer : Engineering Insurance : Contractors' All Risks as also Engineering Insurance : Erection All Risks – EAR (Storage cum Erection – SCE)

Enhanced Ordinary Charges : Increased in the charges for handling insured cargo resulting from the fact that the cargo has been damaged.

Enrollee, Health : An eligible individual who is enrolled in a health plan – does not include an eligible dependent.

Enrolling Unit, Health : The organization (such as an employer) that contracts for participation in a health insurance plan.

Enrollment Period, Health : The amount of time an employee has to sign up for a contributory health plan.

Enrollment, Health : Used to describe the total number of enrollee in a health plan. It may also be used to refer to the process of enrolling people in a health plan.

Entire Contract Clause : A provision in an insurance contract stating that the entire agreement between the insured and the insurer is contained in the contract, including the application if it is attached, declarations, insuring agreements, exclusions, conditions and endorsements.

Entity Agreement :A buy sell agreement usually used with a partnership in which the partnership agrees to purchase the interest of a deceased or disabled partner.

Environmental Impairment Liability Insurance : Insurance against liability for accidents or loss arising out of impairments of the environment by the insured, such as the escape of pollutants or smells, noises, vibration or heat.

Equalization Reserve : A reserve built up to provide a cushion against periods with worse than average claims experience.

Equipment : Those portion of fixed assets other than real estate usually qualified as office equipment, automotive equipment etc. to be distinguished from assets that are included under the category of fixtures by virtue of their attachment to reality, either in a physical sense or by legal interpretation.

Equipment Floater : An insurance coverage for various types of equipment viz., construction equipment against specified perils or occasionally on an all risk basis subject to exclusions.

Equipment Value Insurance : Insurance designed to protect business against a decline in value of certain types of property.

Equitable Estoppel : A court will apply the doctrine of equitable estoppel to prevent a party from applying a defense or pursuing a cause of action if three elements can be met : (i) Belief and reliance on some representation by the party seeking estoppel (2) Change of position by the party seeking application of the doctrine as a result thereof, and (03) Detriment or prejudice incurred by the party seeking application of the estoppel doctrine caused by the change of position.

Equitable Tolling : A court made delay in the running of a statute of limitations. The court determines that because of actions of the party against whom the suit is brought to lull the plaintiff into not suit it is not fair to apply the statute of limitations. When a statute of limitations is tolled” it means it stops running.

Equitas : Equitas is the general label given to a group of companies linked to Lloyd's of London. It was set up in 1996 specifically to reinsure liabilities that had accumulated in the syndicates at Lloyd's of London on policies written from the 1930s up to and including 1992. This business was reinsured by Equitas Reinsurance Limited, which was also appointed as run-off agent. The liabilities were retroceded to Equitas Limited, to which Equitas Reinsurance Limited has also delegated its run-off function. The proposal to set up the structure was accepted by 90% of the 34,000 'Names' who under-wrote policies at Lloyd's, and it became mandatory for all members to reinsure their liabilities into Equitas. When it started it had £15 bn of liabilities at net present value, which were expected to take up to 40 years to settle. It also had assets amounting to 105% of the liabilities, making it the largest start-up company to date. It is not allowed to take on fresh business but it remains the largest solvent run-off reinsurer globally. Equitas is run by directors. It is owned by trustees who hold the shares on behalf of those who reinsured their liabilities into it.

Equity : Fairness. A decision made in a court based on fairness to both parties. Courts of equity judge fairness and seldom award money damages. They issue orders that will do justice. Typical equitable remedies re reformation (where the court changes a contract to state the terms both parties really agreed upon) or rescission where the court will make null a contract and make each party return the consideration paid.

Equity of Redemption : The right of a mortgagor, on paying off his debt, to recover the mortgaged property notwithstanding any agreement to the contrary.

Erection All Risks – EAR (Storage cum Erection – SCE) : Refer : "Engineering Insurance : Erection All Risks – EAR (Storage cum Erection – SCE)."

Ergonomics : Study of human characteristics for the appropriate design of living and working environments. Ergonomics attempts to 'fit the job to the persons" through, for example proper lighting, furniture or equipment.

Erosion : The action on land of such natural causes as wind, running water, or ice causing wearing a way of elements of the land.

Errors and Omissions Clause : Refer : "Reinsurance, Errors and Omissions Clause"

Errors and Omissions Insurance : Policies generally available to the various professions that require protection for negligent acts and/or omissions resulting in bodily injury, personal injury and/or property damage liability to a client. For example, law firms are often exposed to the claim that inadequate or improper legal advice was provided resulting in a claim by the client that they suffered a loss. (02) A form of insurance which covers losses resulting from financial institutions failing to effect appropriate insurance coverage.

Escalation : (01) Increase in the value of the property insured during the period of Insurance. (02) Provision for automatic increases on some defined basis in premiums and sums insured.

Escalation Clause under Standard Fire and Special Perils Policy : In consideration of the payment of additional premium amounting to 50% of the premium produced by applying the specified percentage to the first or the annual premium the sum insured for the prescribed items shall be increased each day by an amount representing $1/365^{th}$ of the specified percentage increase per annum. At renewal the insured shall notify the sums to be insured under each such specified items and the specified percentage increase required by the forthcoming period of insurance.

Escalator Clause : A clause in a builders' risk marine policy providing for a possible increase in the insured value of the project under construction on account of inflation or rising costs.

Escrow : A document which has been sealed and delivered to a person who is not a party to it on the understanding that it is not to take effect until some vent happens or some condition is fulfilled.

Estate : A right in property. An estate in land is the degree, nature, or extent of interest which a person has in it.

Estate Planning : A process under which plans are made to accumulate and manage property during one's lifetime and to dispose of it at one's death.

Estimated Maximum Loss : (EML) … An expression used in Fire, explosion and material damage policies only. An estimate of the monetary loss which could be sustained by insurers on a single risk as a result of a single fire or explosion considered by the underwriter to be within the realms of possibility.

Estimated premium : A provisional premium subject to final adjustment on ascertainment of the necessary facts. For example, in Workers Compensation Insurance an estimated premium is based on estimated payrolls for the coming year. At the end of the year, final payrolls are determined and the final premium is computed.

Estoppel : The legal principle whereby a person loss the right to deny that a certain condition exists by virtue of his having acted in such a way as to persuade others that the condition does exist. For example, if an insurer allow an insured to violate one of the conditions of the policy, he cannot at a later date void the policy because the condition was violated. The insurer has acted in such a way as to lead the insured to believe that the violation did not void the coverage.

Eucalyptus Plantation Insurance: Plantations financed by banks and supervised by an approved agency and covered against Fire and forest Fire, riot, strike, malicious damage, storm, tempest, flood, cyclone, hurricane, and allied perils and impact damage.

European Accident Statement : A form issued by Motor insurers in many European countries to their policyholders for use if an accident occurs. It is for completion and signature by the parties concerned on the spot so that the basic facts about the accident can be established at the outset.

European Economic Area : The member states of the European Union plus Norway, Iceland and Liechtenstein.

European Union : The European Union is made up of 27 Member States: Austria, Belgium, Bulgaria, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden and the United Kingdom. United Kingdom has recently quit the European Union.

Event : An occurrence, usually one that may lead to one or more claims. For example a fire, storm, etc. Events may be insured or uninsured.

Evidence : That which tends to prove or disprove any matter in question.

Evidence Clause : A clause in a policy which requires the insured to cooperate in the investigation of a claim by producing records and submitting to examinations. This is required to help Surveyor/Loss Adjuster to establish the validity of a claim. An Evidence Clause in a health policy requires the insured to submit to physical examination.

Evidence of Coverage : Refer : “Certificate of Coverage.”

Evidence of Health : Evidence of good health is required by insurers at the outset of a health insurance and when a lapsed policy is to be revived. In group schemes it is sometimes waived. It is not required on renewal of a permanent health insurance. Policies with options to effect additional insurance may grant the option without further evidence of health being required.

Evidence of Insurability : Any statement of proof of a person’s physical condition and/or other factual information affecting his or her acceptance for insurance.

Ex : Signifies that the quoted price applies only at the indicated point of origin (e.g., "price ex-factory" means that the quoted price is for the goods available at the factory gate of the seller.

Ex B.L. : Exchange bill of lading.

Ex parte : A step in a legal action taken by one party in the absence of the other is said to be ex parte.

Examination Under Oath : A sworn statement in question and answer form usually taken before a notary and a certified shorthand reporter. It can be taken by any person appointed by the insurer but should be taken by an attorney experienced in first party property insurance matters (Third party liability policies do not have examination under oath provisions). It is taken for the purpose of allowing the insurer to cross-examine the proof of loss submitted by the insured. It is one of the most valuable tools an insurer has against fraud.

Examination, Health : The medical examination of an applicant for Health Insurance.

Ex-Bonded Goods : Refer : "Customs clearance. ex-bonded goods."

Exception : A peril or contingency specifically excluded from the insurance cover.

Exceptional Circumstances Clause : A clause in a business interruption policy providing that adjustments shall be made in calculating the amount of a claim by allowing for the trend of the business and other circumstances which would have affected the business if the material damage had not occurred.

Exceptions Clause : A list in a Policy form detailing risks or loses not covered by the Policy.

Excess (Non-Proportional) Reinsurance : Refer : "Reinsurance, Non-Proportional Contracts."

Excess : Amount of any loss that is not included in the cover provided (e.g. a loss falling below the excess is not a claim). A deductible on the other hand eats into the cover. This difference only really matters where there is an upper limit on the amount of cover such as reinstatements or an annual aggregate. Also, Refer : "Deductible, Excess."

Excess Floating Policy, Fidelity Guarantee : Refer : "Fidelity Guarantee, Excess Floating Policy."

Excess Insurance : Insurance Policy designed to provide coverage over one or more similar primary coverage, and which does not pay until the primary Insurer has paid its limit for a particular loss.

Excess Insurer : Insurer providing excess Insurance.

Excess Limit : (i) The limit provided in a policy which is in excess of the basic limit. (ii) A limit provided in a separate policy with another insurance which is in excess of the limit provided in the basic policy.

Excess Loss Premium Factor : This expression is used in connection with retrospective rating plans. It is a factor which compensates the insurer for the fact that the insured has elected to limit the effects of any one large loss under the retrospective rating formula. For example, the insured might elect a loss limitation of 50,000,

which would mean that would be the maximum limit of any one loss that would go into the retrospective calculation.

Excess of Loss Policy : A policy that covers claims only to the extent that they exceed a stated amount.

Excess of Loss Reinsurance : Refer : "Reinsurance,Excess of Loss"

Excess of Loss Treaty : Refer : " Reinsurance, Excess of Loss Treaty"

Excess or Surplus Line Market : The range of insurance available through non-admitted insurers, i.e., insurance companies that are not licensed in a particular state or territory. Specific provisions of state of territorial law control placements.

Excess Per Risk Insurance : A form of Excess of Loss Reinsurance which, subject to a specified limit, indemnifies the ceding company against the amount of loss in excess of a specified retention with respect to each risk involved in each occurrence.

Excess Rain : Abnormally high rainfall intensities over short periods of time which cause direct physical damage to property (particularly underground property or mines) or crops and this may extent to secondary losses caused by saturation of soil.

Excess Value Policy : A Policy effected by an insured to protect himself where the value of a vessel stated on a Marine Hull Policy is less than its true value and the Insured may therefore incur liabilities, e.g., for salvage payments or general average contributions, in proportion to the under valuation.

Excessive Heat : Excess heat caused by high temperature which may cause damage to certain types of property such as loss to crops at the pollination stage when excess heat will inhibit seed set.

Exchange Rate Risk : The potential loss arising out of transactions in two / more currencies.

Excise Bonds : A contract of fidelity guarantee guarantees that if the employer suffers any direct financial loss arising out of dishonesty, default, embezzlement, forgery, fraud, larceny on the part of the employee(s) insured, the Insurers shall indemnify the said loss to the employer within the limitations prescribed by the Policy.

Excluded claim : A claim specifically not covered by the Policy.

Excluded Period : A period of time between the effective date of a Health Insurance policy, and the date coverage begins for all or certain physical conditions.

Exclusion : A contractual provision that denies coverage for certain perils, persons, property or locations.

Exclusion Absolute : Type of exclusions such as war, nuclear risk etc which cannot be deleted even upon payment of additional premium.

Exclusions : Specific situations, conditions or circumstances that are listed in the contract as being not covered.

Exclusive Agency System : Method of marketing Insurance through agencies which operate as independent business, but which represent only one Insurer.

Exculpatory Agreement : Agreement not to bring civil suit against another for specified type(s) of future wrong(s), thus excusing (or exculpating) the other from potential

liability to the party granting this waiver. Being a waiver, an exculpatory agreement differs from an indemnify agreement, such as a hold harmless agreement, which is a promise to pay another under certain circumstances.

Execution of Policy : The formal act of completing a policy whether by signing or by sealing.

Executives All Risks Insurance Policy: A personal package policy designed for executives and/or businessman. Policy covers (I) Laptop/portable computer due to any unforeseen loss or damage due to any cause whilst anywhere in the world, subject to an excess. (II) Cellular Phone : Loss and/or damage including theft, burglary, malicious or accidental damage (III) Loss of Cash : Loss of cash due to accident or misfortune when the insured is on official duty or on outstation tour subject to a maximum per event limit (IV) Baggage Insurance : Loss or damage to baggage due to accident or misfortune whilst on journey anywhere in the world (V) All Risks for Jewellery and Valuables (VI) Personal Accident (VII) Health Insurance (VIII) Personal Liability.

Executor : The person appointed by the court to carry into effect, or execute, the provisions of a will. The court usually appoints the person named in the will for that purpose, if one is named.

Executor's Deed : A deed given by an executor.

Executrix : A female executor.

Exemplary Damages : Refer " "Damages, Exemplary".

Ex-gratia Payment : Latin for "from favour." A payment by an insurer to an insured for which there is no liability under the contract. In some cases an insurer may feel that there has been a mistake or a misunderstanding, and he may pay a claim even though he does not appear to be liable. Refer : "Claims types of Ex-gratia Payment."

Ex-gratia Settlements : Claims paid by the original Insurer for which he has no legal liability. Refer : "Claims, types of ex-gratia payments.

Exhibitions Insurance : Type of business Insurance coverage pointed to the special needs and liabilities of those putting on exhibitions. Usually an all risk cover with certain specified exclusions.

Expected Claims, Health : The estimated claims for a person or group for a contract year based usually on actuarial statistics.

Expected Loss : Arithmetic mean, or expected value, or the probability distribution of the amount of loss which may occur during one year (or other period). Refer : "Expected value" and "Normal loss".

Expected Loss Ratio : Underwriting loss ratio - computed as incurred losses plus loss adjustment costs, all divided by earned premiums - which an Insurer expects to achieve for a given line of Insurance for a specified period. If the expected loss ratio is achieved, and if the Insurer's operating expenses do not exceed normal levels, the Insurer earns is expected Underwriting profit.

Expected Morbidity, Health : The expected incidence of sickness or injury within a given group during a given period of time as shown on a morbidity table.

Expected Tangible Loss Method : A method that Directs the risk manager to select the tool that would produce the lowest average tangible rupee outlay in the long run.

Expected Value : Arithmetic mean of all possible outcomes of a specified future event, such as annual amounts of incurred or insured losses, if all possible outcomes are equally probable, their expected value is their sum divided by the number of possible outcomes. If all possible outcomes are not equally probable, each outcome must first be weighted (multiplied) by its probability, then the sum of these weighted outcomes is divided by the sum of the weights.

Expediting Expenses: Expense incurred in order to hasten repair or replacement of property to reduce the amount of loss. Expediting expenses generally are covered by a property Insurance Policy if they do reduce the amount of the loss the Insurer would otherwise have to pay.

Expense : A policy's share of company's operating costs, fees for medical examinations and inspection reports, underwriting, printing costs, commissions, advertising, agency expenses, premium taxes, salaries, rent, etc. Such costs are important in determining premium rates.

Expense Account : Record of money spent by an officer or employee in advancement of the Company for which reimbursement will be made by the Company.

Expense Allowance : A compensation paid to an insurance agent in excess of prescribed commissions.

Expense Constant : A flat amount added to the premium of a risk below the experience rating size. This term is found in a workmen's compensation Policy. The charge is supposed to equate the cost of the Insurance Company of issuing and servicing the Policy of a very small risk.

Expense Loading : The addition made to the pure premium for an insurance to allow for the insurer's expenses.

Expense Modification Plan : Insurance rating plan which reduces the percentage expense loading factor for large face amounts of Insurance because some of the Insurer's administrative and selling expenses are not proportional to the face amount of Insurance.

Expense Ratio : Ratio obtained by dividing written premiums by incurred expenses over a given period. This ratio measures the percentage of the premium used to pay all the costs of acquiring, Writing and servicing Insurance policies. (ii) A percentage added to the net premium income to determine the aggregate incurred losses in order to assess a satisfactory excess point for a stop loss Reinsurance contract.

Expense Reserve : A liability for incurred but unpaid expenses.

Expenses : The cost of the Insurer of conducting its business other than paying losses.

Expenses Incurred : Expense not yet paid. Can also include paid expenses in some accounting systems.

Expenses Loading : The element of the Insurance premium covering the Policy-holder's share of the Insurer's administrative costs.

Experience : A record of losses.

Experience Modification : The rising or lowering of premiums under term of an experience rating plan.

Experience Policy Year : The measure of premiums and losses for each 12 month period a policy is in force. Losses occurring during this 12 month period are assigned to the period regardless of when they are actually paid.

Experience Rating : Refer : "Rating, Experience Rating".

Experimental or Unproven Procedures, Health : Any health care services, supplies, procedures, therapies or devices that the health plan determines regarding coverage for a particular case to be either (i) not proven by scientific evidence to be effective, or (ii) not accepted by health care professionals as being effective.

Expiration : The date upon which a Policy will cease to cover unless - previously continued or renewed by an additional premium or unless previously cancelled.

Expiration Card : A way of recording the date on which a policy terminates. It is used to remind the agent or sales representative of a policy coming up for renewal.

Expiration File : A record kept by agents or insurers of the dates on which policies they have written or are servicing expire.

Expiration Notice : Slip or letter advising the customer, broker, or Agent that a Policy will terminate in the near future.

Expiry : Termination of a term Policy at the end of the term period.

Expiry Date : The date on which the insurance cover for a risk ceases.

Explanation of Benefits (EOB), Health : The statement sent to a participant in a health plan listing services, amounts paid by the plan, and total amount billed to the patient.

Explosion : The sudden and violent rendering or tearing apart of the permanent structure of a boiler or pressure plant or any part or parts thereof by force of internal steam, gas or fluid pressure causing bodily displacement of the said structure and accompanied by the forcible ejectment of its contents.

Explosion Insurance : Type of business Insurance coverage against loss of property caused by explosion; does not cover explosion of steam boiler, pipes or certain kinds of pressure vessels.

Explosion proof : Pertains to an enclosed electrical apparatus designed so that an explosion of flammable gas inside the enclosure will not ignite flammable gas outside.

Explosion, Collapse and Underground Exclusion : Exclusion often inserted into general liability Insurance for a firm engaged in blasting, excavating, grading of land, pile driving and similar pursuits that excludes coverage of liability for property damage arising from explosion, collapse, and damage to underground property (such as foundations, pipes and the like). This exclusion is designed to encourage Insureds facing these special exposures to purchase separate coverage.

Export Broker : The individual who brings together buyer and seller for a fee, eventually withdrawing from any transaction.

Export Credit Insurance : Insurance for Exporters against the risk of non-payment for political and/or commercial reasons.

Export Declaration : A form to be completed by the Exporter or their authorized agent and filed in triplicate by a carrier with the appropriate Government authority.

Export License : A documents secured from a government, authorizing an export to export a specific quantity of a particular commodity to a certain country. An export license is often required if a government has place embargoes or other restrictions upon exports.

Export Trading Company : A corporation or other business unit organized and operated primarily for the purpose of exporting goods and services or of providing export related services to other companies.

Export Transactions, Documents For : In the process of exports an exporter has to prepare nearly 27 different documents before the goods can be exported. These documents can be divided into two major categories: (a) commercial documents and (b) regulatory documents.

(a) Commercial documents : They are of two types: (i) primary and (ii) auxiliary

- **Commercial primary documents** are eight which have to form part of the negotiable documents, to be sent to the buyer. These are (i) invoice (ii) packing list (iii) certificate of Insurance (iv) certificate of origin (v) bill of lading/ airway bill (vi) bill of exchange/ bank draft (vii) shipment advice, and (viii) certificate of inspection/ analysis.
- **Commercial auxiliary documents** are those which assist in preparation of the primary documents and include : (i) proforma invoice / quotations (ii) order confirmation (iii) application for inspection (vi) application for Insurance i.e., Insurance declaration (v) shipping instructions to the forwarders (vi) shipping order from carriers (vii) mate's receipt from shipping Agent (viii) application for certificate of origin (ix) application for opening letter of credit, and (x) letter to bank submitting documents for negotiations.

(b) Regulatory documents are those which have to be presented to different government departments in their prescribed formats. These include : (i) gate pass - Central Excise (ii) AR 4/ AR 4A forms (iii) shipping bill for export (iv) port copy of export application (v) gate pass for entry of goods in port (vi) GR / EP/ PP forms (vii) freight payment certificate (viii) Insurance premium payment certificate and (ix) port copy of bill(s).

Ex turpi causa non oritur action : No (right of) action arises out of an immoral cause.

Exposure : (i) The state of being subject to possibility of loss (ii) Hazard i.e., a condition which create the probability of loss or a condition or activity which increases the probable frequency or severity of loss. (iii) The measurable extent of risk. (iv) The possibility of loss to insured property caused by its surroundings.

Exposure Analysis Questionnaire : A checklist that itemizes various losses to which an organization is exposed. Used in exposure identification.

Exposure Hazard : The extent to which property is subject to the possibility of a fire spreading from a nearby building.

Exposure to loss : The extent to which losses can arise under Insurance Policy.

Exposure Unit : The number of exposure units used to determine the premium or pure premium for a policy or group of policies. Also, a unit such as a payroll, receipts, area, gate receipts, automobiles, etc. used to measure exposure.

Express : Premium rated service for urgent deliveries.

Express Authority : Authority of an agent that is specifically granted by the insurer in the agency contract or agreement.

Express Covenants : Those parts of a contract that are created by specific words of the parties which are declaratory of their intention.

Express Warranty : This form of warranty is made overtly by an application with respect to the property insured. For example, an applicant might specifically warrant that the premises would be protected by watchman during the period of time the premises is not open for business. If the condition warranted is not carried out the insurer may be able to void the coverage in the event of loss.

Expropriation : The act of taking over property or rights in property by a sovereign body or an authority vested with powers thereby.

Extended Care Facility, Health : A facility such as a nursing home which is licensed to provide 24 hour nursing care service in accordance with Government laws. Three levels of care may be provided – skilled, intermediate, custodial, or any combination.

Extended Coverage Endorsement / Insurance : Endorsement which extends a Policy to cover the perils of windstorm, hail, explosion, riot, riot attending a strike, aircraft damage, vehicle damage and smoke damage. (ii) In certain health policies, provision which allows the insured to receive benefits for specified losses sustained after the termination of other coverage.

Extended Coverage, Health : A provision in certain tailor made Group Health Policies to allow the insured person to receive benefits for specified losses sustained after the termination of coverage, such a maternity expenses benefit incurred for a pregnancy in progress at the time of the termination.

Extended Period of Indemnity : A time of recovery of proved business income loss after physical property is restored and business reopened. The 30-day extension of business income forms may be extended by endorsement.

Extended Protest : A declaration by the master of a vessel more detailed than a protest made in view of litigation.

Extended Reporting Period : (ERP) : A period allowing for making claims after expiration of a “claims-made” liability policy. Also known as a “tail”.

Extended Terms Insurance : A form of Export Credit Insurance where credit is being granted in excess of 180 days.

Extended Wait : A form of reinsurance under which, after the ceding insurer has paid monthly benefits to the claimant for a given number of months under a Disability Insurance Contract, further benefits will be paid by the reinsurer.

Extension : A clause in a policy which gives extra cover, e.g., in a Business Interruption Policy, cover in respect of loss through fire at a supplier’s premises, on in a cash policy, cover in respect of personal accident benefits to injured employees.

Extension of Benefits : A condition in the insurance policy which allows coverage to continue beyond the expiration date of the policy in the case of employees who are not actively at work or dependents who are hospitalized on that date. The extended coverage applies only where the employee or dependent is disabled as of that date and continues only until the employee returns to work or the dependent leaves the hospital.

External Company : A Company not having its head office within the Indian territory.

External, Personal Accident : To construe an accidental death and or disablement or injury in a Personal Accident Insurance there must be an outside agency or cause involved in occurring accident. It excludes accidents caused purely by existing physical defects, e.g., a broken leg resulting from a heart attack would not come within the scope of the policy.

Extortion : Extortion is robbery if the offender, at the time of committing the extortion, is in the presence of the person put in fear, and commits the extortion by putting that person in fear of instant death, of instant hurt, or of instant wrongful restraint to that person, or to some other person, and, by so putting in fear, induces the person so put in fear then and there to deliver up the thing extorted. (The offender is said to be present if he is sufficiently near to put the other person in fear of instant death, of instant hurt, or of instant wrongful restraint. "Refer also: "Robbery." Refer also "Theft".

Extortion Insurance : Covers loss due to surrender of money or other property to someone threatening to do bodily harm to persons being held captive or to do damage to buildings. Also refer :"Kidnap-Ransom Insurance."

Extra Expenses : Extra funds needed to continue a business uninterruptedly, after damage, applied to dwellings, It is called additional living expenses coverage, and is available through Extra Expenses Insurance, and additional living expenses Insurance.

Extra Expenses Insurance : The consequential property insurance that covers the extra expense incurred by the interruption of a business; the policy pays if the business does not close down but continues in alternative facilities, with higher than normal costs.

Extra Perils : Closely allied with Fire Insurance, is the Insurance of certain so called special perils which by tradition are dealt with by the Fire department of Insurance companies. The principal special perils are explosion, riot, civil commotion, aircraft and articles dropped therefrom, storm, tempest, flood water damage, impact damage, spontaneous combustion, spontaneous fermentation, heating combustion.

Extra premium : An additional amount added to the basic premium which may be required because the risk covered is unusually hazardous.

Extra premium removal : If the cause of the extra premium is eliminated in that the rated medical impairment no longer exists, or there has been a change from a hazardous occupation to a non-hazardous one, it is prudent to seek the reduction of the amount of the premium that is attributable to the risk Such a reduction is extra premium removal.

Extraneous Perils : Perils covered by an "All Risks" policy on marine cargo other than navigation perils, e.g., negligence, short delivery, leakage.

Extraneous Risks, Marine : Losses arising very frequently caused by (a) theft, pilferage and/or non-delivery (b) fresh water and rain water damage (c) damage by hooks, oils, mud, acid and other extraneous substances (d) heating and sweating and (e) damage by other cargo and the assured may require cover against these so-called "extraneous risks. "ICC (B) & (C) may be extended to include these risks.

Ex-works : A shipment term. When goods are shipped ex-works it is the duty of the seller to place the goods at the disposal of the buyer at the time and place specified in the contract (usually the premises of the seller) and to bear all costs involved in doing so.

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F.A.S. : A shipment term. Free alongside ship. The seller assumes the responsibility until goods re delivered along with the vessel at the loading berth named by the buyer at the named by the buyer at the named port of shipment in the manner customary at the port, at the date or within the period stipulated and notify the buyer without delay that the goods have been delivered alongside the vessel.

F.C.& S. Bulletins : Fire, Casualty and Surety Bulletins. A service published by the National Underwriters Company of US explaining coverage, forms, underwriting and rating procedures for the various Property, Casualty and Surety lines of insurance.

F.C.I.I. : Fellow of the Chartered Insurance Institute, who designation is gained by the completion of examinations and other requisites.

Face Amount : The amount of insurance provided by the terms of an insurance contract, usually found on the face of the policy.

Face of Policy : The front or first page of the Insurance Policy. It customarily includes the name of the Insurance Company, as well as certain insuring clauses.

Facility : An agreement by insurer allowing a broker to accept insurance of a defined category on the insurer's behalf.

Factious Groups : Groups formed primarily for the purpose of buying insurance. As per directives of IRDA such groups may not be written.

Factor : An agent whose ordinary course of business is to sell goods with the possession of which is entrusted by his principal. A debt factor is one who collects debts on behalf of a principal.

Factory Mutual : A mutual insurer specializing in large risks, with special emphasis on loss prevention.

Factual Expectation : In law, a high likelihood (but not a currently enforceable right) of acquiring future property. A factual expectation differs from a perfected future interest and gives the holders of that future interest some current rights to the property : in contrast, a mere factual expectation does not give the holder any current rights to the property, including the right to insure it.

Facultative - Obligatory Reinsurance : Refer : "Reinsurance, Facultative Obligatory"

Facultative : Refer : "Reinsurance, Facultative"

Facultative Certificate of Reinsurance : Refer "Reinsurance, Facultative Certificate of **Reinsurance**"

Facultative or Specific Reinsurance : Refer : "Reinsurance, Facultative or Specific".

Failed well Insurance : Insurance Policy that cover risk of failure of well which includes shallow tube wells, dug-wells, filter points, bore wells etc., used for developing ground water. The well shall be deemed to have failed completely if it fulfills conditions as mentioned in the policy and the indemnity will include the expenditure actually incurred by farmers toward boring/digging of the well, net of margin money

and/or subsidy received subject to 80% of the amount of admissible claim. Policy does not cover quality of water and structural failure, flood, earthquake and other convulsions of nature, riot and strike risks.

Failure Mode and Effect Analysis : Procedure for identifying possible failures or malfunctions of each component of a system, along with the immediate cause (mode) failure or malfunction (e.g., switch jammed in the "on" position). The effects of the failure are traced through the system, and the ultimate effect on the system's performance is evaluated.

Failure of Consideration : **Marine Insurance Contracts :** Return of premium, Marine Insurance contracts : As per sec. 84 of the Marine Insurance Act - (01) Where the consideration for the payment of the premium totally fails and there has been fraud or illegality on the part of the assured, or his Agent the premium is thereupon returnable to the assured. (02) Where the consideration for the payment of the premium is apportion-able, and there is a total failure of any appropriate part of the consideration a proportionate part of the premium is, under the like conditions. there upon returnable to the assured. (03) In particular - (i) Where the Policy is void, or is avoided by the Insurer as from the commencement of the risk, the premium is returnable provided there has been no fraud or illegality on the part of the assured, but if the risk is not apportion-able and has once attached the premium is not returnable. (ii) Where the subject matter insured or part thereof, has never been imperiled the premium or, as the case may be, a proportionate part thereof, of returnable, Provided that where the subject matter has been insured "lost or not lost" and has arrived in safety at the time when the contract is concluded the premium is not returnable unless at such time the Insurer knew of the safe arrival. (iii) Where the assured has no insurable interest throughout the currency of the risk the premium is returnable provided that this rule does not apply to a Policy affected by way of wagering. (iv) Where the assured has a defeasible interest which is terminated during the currency of the risk the premium is not returnable. (v) Where the assured has over-insured under an unvalued Policy a proportionate part of the premium is returnable. (vi) Subject to the foregoing provisions, where the assured has over insured by double Insurance, a proportionate part of several premiums is returnable. Provided that, if the policies are effected at different times, and any earlier Policy has at any time borne the entire risk, or if a claim has been paid on the Policy in respect of the full sum insured thereby, no premium is returnable in respect of that Policy, and when the double Insurance is effected knowingly by the assured no premium is returnable.

Failure of Consideration : When a risk for which the insurer has accepted a premium fails to attach thee is said to be a failure of consideration and the insured, if he acted in good faith, may recover the premium.

Fair Plan : Fair access to Insurance requirements. Pool maintained by private Insured by the Government that makes certain types of property Insurance available in inner-city or other high risk areas where such Insurance cannot be obtained through the voluntary Insurance market.

Fair Rental Value Coverage : Insurance that pays the loss of rental value, minus expenses which do not continue, when property rented to others or held for rental is damaged by a peril insured against.

Fair Value : Value that is reasonable and consistent with all of the known facts.

Fallen Building Clause : A provision found in some Fire Insurance policies which stipulates that if any material part of the building which is insured falls or collapses from causes other than from Fire or Explosion, the Fire Insurance becomes void.

False Imprisonment : The illegal and unlawful confinement of another within boundaries fixed by the defendant without legal justification and with the intention that the act or breach of duty shall result in such confinement.

False Pretense : Refers to any untrue statements or representations made with the intention of obtaining property or money.

Falsification of Accounts : Willful and with intent to defraud, destroying, altering, mutilating or falsifying any book (electronic record), paper, writing, valuable security or account belonging to Employer or deemed to be in his custody by one or more of clerk, officer or servant or employed or acting in any such capacity. The document is received by such person for or on behalf of his employer and he willfully and with intent to defraud made or abets the making of any false entry in or omits or alters or abets the omission or alternation of any material particular from or in any such book, electronic record, paper, writing, valuable security or account etc. It shall be sufficient in any charge to allege a general intent to defraud without naming any particular person intended to be defrauded or specifying any particular sum of money intended to be the subject of the fraud, or any particular day on which the offence was committed. (Section 477.A of Indian Penal Code).

Family Dependent : A person entitled to coverage because he or she is (i) the enrollee's spouse, or (ii) a single dependent child of either the enrollee or enrollee's spouse (including stepchildren or legally adopted children), (iv) dependent parents or dependents parents-in law including step father / mother / in-laws (v) Widowed daughter / Divorcee Daughter and her dependent child (vi) A resident of the enrollee's home subject to approval by insurer.

Family Expense Policy : An accident and sickness Policy or an accident only Policy covering all the members of one family.

Family Maintenance Policy : A policy that pays an income to the beneficiary starting artier the death of the insured and continuing for a stated period of time. AT the end of the income period, the face amount of the policy is paid to the beneficiary.

Farm Coverage Policy : A policy covering farm property, agricultural equipment, stock and farm liability.

Farm Income Insurance Scheme (FIIS) : FIIS was introduced on a pilot basis in 15 districts of 8 States for wheat and 4 districts of 3 States for rice during Rabi 2003-4 season. Scheme covered rice and wheat crops on homogeneous approach. Insurance unit could be an administrative unit such as a village panchayat, mandal, revenue circle, block, taluka or district and the scheme was compulsory for borrowing farmers and voluntary for non-borrowing farmers. The Government subsidized premium by 75% for small/marginal farmers and 50% for other farmers. Level of indemnity was 90% for low-risk areas and 80% for high risk areas. If the actual income (current yield x current market price) is lower than guaranteed income (average yield of 7 years x level of indemnity (80% or 90%) x MSP, the insured farmer receives the compensation.

Farm Liability Coverage Policy : A commercial liability form attached to a Farm Coverage part to provide coverage for bodily injury, property damage, personal injury, advertising injury and medical payments for farm exposures.

Farm Mutual : A mutual insurer organized to insure farm property.

Farm Personal Property : It may include grain, feed, supplies, livestock, farm machine and farm vehicles.

Farm Property Coverage : A policy which may be used to cover residential dwellings, other private structures, household personal property, farm personal property and other form structures.

Farmers Comprehensive Personal Liability : Similar to the Comprehensive Personal Liability Policy but adapted to cover farm hazards, such as damaged caused by grazing animals.

Farmers Package Insurance Scheme : Comprehensive insurance to cover various assets of farmers covering (i) Fire and allied perils including earthquake for dwelling/house and contents. (ii) Burglary, Housebreaking including Larceny or theft, (iii) Agricultural Pump Set for up to 25 HP only (iv) Animal Driven Cart / Tonga / Coaches and animal/s together, (v) Livestock / Cattle / Sheep and Goat / camel / Horse etc, (vi) TV Set (vii) Pedal Cycle (viii) Baggage (ix) Janata / Gramin Personal Accident. The coverage will be up to a maximum of Rs.10,000 per person.

Farm-owners – Ranch-owners Policy : A package policy providing property cove rage on farm dwelling buildings and contents, as well as barns, stables, and other farm outbuildings. Liability coverage is also included. It is similar to a Householders Policy adapted to cover farm properties.

Fathom : (Nautical) Conversion equivalents 6 feet; 1.83 meters

Fault Tree Analysis : Procedure for discovering all possible causes of a particular accident by identifying all factors that can contribute to it. These factors are diagrammed in sequence, which forms a "tree". The branches of the tree are continued until independent or uncontrollable events are reached. Probabilities are determined for these independent events in order to compute both the probability of the accident and the most likely chain of events leading to that accident.

Faute Lourde : Gross negligence though without wrongful intention.

Fellow of the Insurance institutes of India : A designation for an individual who has been examined and becomes a member of the Insurance institute of India.

Fellow Servant : One who serves and is controlled by the same employer; also those engaged in the same common pursuit under the same general control.

Fellow-Servant Rule : Common Law defence used by employers before the passage of Workers Compensation Laws. It excused an employer form liability for injury to an employee caused by the carelessness or other wrongdoing of a fellow employee: the right of action was against the fellow employee and not against the employer.

Fidelity Bond : Refer : “Bond, Blanket Bond / Fidelity Bond”

Fidelity Guarantee - Collective Policy - Named Employees : A Policy schedule which contains the names of employees of whom the guarantee is given with a note of duties of each employee. The amount of guarantee of each employee is inserted in the schedule against his name.

Fidelity Guarantee – Collective Policy (Positions) : This is also similar to a collection or group Policy with the difference that instead of using names, the "positions" is guaranteed for a specified amount, so that a change in the person holding the liability of the Insurers in respect of each position remains limited to the amount

guaranteed for the position, irrespective of the number of persons acting in that position. Also, instead of a specified amount for each position, a single amount of guarantee for all positions may be 'floated'.

Fidelity Guarantee Collective Policy (Blanket) : The Policy covers the entire staff without showing names or positions. Such policies are only suitable for an employer with a large staff and the organization to make adequate enquiries into the antecedents of his employees.

Fidelity Guarantee Collective Policy (Excess Floating) : This is a combination of a collective Policy and a floating Policy. An employer may safeguarded himself against loss of unforeseen amount by reason of defaults continuing for a long time y unusually ingenious methods of concealment by having a floating guarantee for any loss in excess of the individual amounts set out in the schedule.

Fidelity Guarantee Collective Policy (Floater) : The names and other relevant particulars in respect of individuals to be guaranteed are recorded in the schedule but the amount of guarantee is not so recorded. The amount of guarantee is floated over all the individuals to be covered. Each employee to be guaranteed or some or all of them, together, are covered for the amount so floated.

Fidelity Guarantee Collective Policy : Where the entire staff or a number of selected individuals are to be covered a collective policy is issued. There are various types of Collective Policies :

Fidelity Guarantee Commercial : A contract of Fidelity Guarantee guarantees that if the employer suffers any direct financial loss arising out of dishonesty, default, embezzlement, forgery, fraud, larceny on the part of the employee(s) insured, the Insurers shill indemnify the said loss to the employer within the limitations prescribed by the Policy.

Fidelity Guarantee Individual Policy : This type of policy is used where only one individual is to be guaranteed.

Fiduciary : Person, corporation, or other entity occupying a position of trust. especially one who manages the affairs of another.

Fiduciary Bonds : Fiduciary bonds provide indemnity if Trustees, Receivers, Executors and Administrators controlling property though Court order do not faithfully and honestly perform their duties.

Fiduciary Liability Insurance : The insurance covers claims arising from a breach of the responsibilities or duties imposed on a benefit administrator or a negligent act, error, or omission of the administrator.

Field Force : **Field Staff** : (i) The sales force of an Insurance Company. (ii) The agents and supervisory personnel of insurers who operate away from the branch office / micro office / extension counter of the company.

Fifth Freedom Flight : Where cargo is carried by airline between countries in neither of which it is based.

Figures : The statistical record showing the premium income and claims attaching to an Insurance, or a **Reinsurance,** long term contract.

File and Use, IRDA : For selling any general insurance product in the Indian Market it is essential to comply with the requirements of File and Use (F&U) guidelines prescribed

by IRDA. Insurer is not permitted to offer any product for sale until all queries pertaining to the produce have been satisfactorily resolved after filing and IRDA confirming in writing that it has no further queries in respect of that product. IRDA has the right to question terms and /or issue directions, suspend a product or withdraw from the market if, at any time, it appears to IRDA that it is not appropriate for any reason or does not carry rates, terms and conditions that are fair between the parties or the documents used with the product are in any way unsatisfactory notwithstanding the fact that IRDA may have had no subsisting queries in respect of that product when it was originally filed. The insurer needs to justify the rates, terms and conditions of insurance offered to a particular client or to a class of clients for a particular product while filing the product with IRDA.

Financed Insurance : Payment of insurance premiums, in whole or in part, with funds derived from borrowing, usually through credit cards or bank loans.

Financial Condition Report (FCR) for Non-Life Insurance Companies in India : The non-life insurance companies have been mandated to submit the Financial Condition Report annually, effective 31st March, 2010 for the said financial year in the prescribed format. The objective of the FCR is to facilitate analysis of the current block of business as on the valuation date to bring out clearly the challenges the insurers face in terms of meeting the solvency requirements, their profitability and other risks viz. morbidity, liquidity, credit and expense, investment return, asset-liability mismatch, etc. This experience will also indicate the insurer’s position on these parameters for the next one year.

Financial Guarantee : A form of coverage in which the insurer guarantees the payment of interest and/or principal of the insured in connection with debt instruments issued by the insured.

Financial Guarantee Bond : A guarantee that others will pay sums of money due. A Sales Tax Bond, for instance guarantees the state that the merchant will pay his sales taxes on time and in full.

Financial Loss : Insurance of legal liability for financial loss not involving bodily injury or loss of or damage to property.

Financial Responsibility Law : Financial responsibility law (particularly applicable to Automobile Insurance in various States in USA) is a law which requires an individual to prove that he or she is able to pay for damages resulting from an accident. A financial responsibility law does not specifically require the individual to have insurance coverage; instead, the law requires the individual to be able to demonstrate the financial capacity to pay, even if the individual is not at fault. This type of law is commonly associated with automobiles. BREAKING DOWN 'Financial Responsibility Law'. Financial responsibility laws exist because not all states have a compulsory insurance law. However, many states consider an individual with an insurance policy to be compliant with a financial responsibility law, since most insurance policies have a minimum coverage that meets the state standard.

Financial Risk Control : Plans and provisions to pay for losses when they occur.

Financial Risk Reinsurance : Refer : “Refer, Financial Risk”

Financial Services Authority (FSA) UK : FSA is the Regulator of financial markets in United Kingdom and is a common Regulator for Banking, Securities and Insurance.

Financial Statement : The disclosure of the financial results of a firm’s operations. It involves the balance sheet, profit and loss statement, and associated information.

Fine Arts Insurance : (Fine Arts Floater) : Covers fine arts, such as antiques, leaded glass, and other art work of all types usually on all risk basis.

Fine Arts Valued Insurance Policy(ies) : Standard Fire and Special Perils Policy : Valued Policy(ies) can be issued only for properties whose market value cannot be ascertained e.g., Curios, Works of Art, Manuscripts, Obsolete machine and the like subject to the valuation certificate being submitted and found acceptable the insurer.

Fine Print : A reference to imaginary small type in a policy contract supposedly containing exclusions, reductions, exemptions and limitations of the coverage. In some Countries the Insurance Authority or Government prescribes specifications for the minimum type size that can be used in a policy, and they also provide that exclusions cannot be printed in type smaller than that used to print the benefits.

Finite Risk Insurance or Reinsurance : A form of financial reinsurance which provides a defined upper limit to the total amount of payment.

Fire : Combustion which is rapid enough to produce a flame or glow. A Fire, for the purposes of Property Insurance must be "hostile" which means it is not in a place in which it is intended to be.Fire connote actual ignition under accidental or fortuitous circumstances so far as its coverage under the FireInsurance is concerned. Fires in their proper contained area are called "friendly Fires" and are not covered under most basic Fire Insurance Policies. Scorching without ignition is not a Fire. A Fire lighted for a definite purpose, say, for warming or manufacturing is not a Fire as understood in the FireInsurance parlance if it is confined within its own limits. If such Fire breaks out of its bounds and ignites other property, then the loss is within the scope of 'Fire' Insurance in view of both the elements "ignition", and "accident" being present. In other words, there is said to be a Fire within the meaning of FireInsurance when (a) there is actual ignition (b) the property is one which ought to have been on Fire and (c) the Fire is purely accidental or fortuitous in origin, as far as the insured is concerned .

Direct consequences of Fire covered under the scope of the FirePolicy : (a) Damage during or immediately following a Fire caused by (i) smoke (ii) scorching (iii) falling walls : (b) damage caused by Fire brigade in the discharge of their duties e.g., (i) damage caused by water, and (ii) damage caused by blowing up the property to prevent spreading of Fire, and (c) damage to property removed from a burning building caused by exposure to weather provided the removal was made in an endeavor to mitigate loss.
Standard Fire and Special Perils Policy (Material Damage) covers peril of Fire excluding destruction or damage caused to the property insured by (a-i) its own fermentation, natural heating or spontaneous combustion (a-ii) its undergoing any heating or drying process and (b) burning of property insured by order of any public authority.

Fire Damage Limit : A General Liability limit that applies only to the coverage for fire legal liability.

Fire Division : Portion of a building or other area which is sufficiently enclosed against spread of Fire so that if a Fire begins within the division, it will not spread beyond its boundaries. Knowing the size and potential values of the largest Fire division within a given structure or other property is helpful in defining the maximum probable Fire loss to that property.

Fire Door : Door, tested and rates for resistance to various degrees of Fire, that prevents the spread of Fire through horizontal and vertical openings. Fire doors must remain

closed under normal conditions or be designed to close automatically in the presence of Fire.

Fire Extinguisher : Device which extinguishes flame. Fire extinguishers may contain liquid, dry chemicals, or gases (carbon dioxide or others). They are tested and rated to indicate their ability to handle specific classes and sizes of Fires. as follows :

- **Class A Extinguishers** : For ordinary combustibles, such as wood, paper and textiles, where a quenching/cooling effect is required.

- **Class B Extinguishers** : For a flammable liquid and gas Fires, such as oil, gasoline, paint and grease, where oxygen exclusion or a flame interruption effect is essential.

- **Class C Extinguishers** : For Fires involving energized electrical wiring and equipment, where the non-conductivity of the extinguishing Agent is of prime importance.

- **Class D Extinguishers** : For Fires in combustible metals such as magnesium, potassium, powdered aluminum, zinc, sodium, titanium, zirconium and lithium.

Fire Insurance : **Mid-Term Cover** : Generally not permissible for STFI and/or RSMTD perils. If allowed it is subject to insurers must receive specific advice along with required additional premium in cash or by draft. Mid-term cover to apply for entire property at one complex/compound/location. Cover shall commence 15 days after the receipt of the premium at applicable short period scale on full sum insured at one complex/compound/location.

Fire Insurance : Mid-Term Revision in sum insured : Increase on pro-rata basis. Decrease in sum insured on short period scale basis.

Fire Insurance : Term used to cover not only insurance against fire but the insurance of additional perils such as Riot, Strike, Malicious Damage, Explosion and Act of God Perils

Fire Insurance Business : Section 26 (A) of the Insurance Act, 1938, defines "Fire Insurance Business" as "the business of effecting, otherwise than incidental to some other class of Insurance business, contracts of Insurance against loss by or incidental to Fire or other occurrence customarily included among the risks insured against in Fire Insurance policies."

Fire Insurance, Building in course of construction : To be rated as per Category “Building under Course of Construction” under Industrial/Manufacturing Risks of Standard Fire and Special Perils Policy (Material Risks).

Fire Insurance, Claims Experience Discount / Loading : Risks having sum insured (on buildings and contents of all blocks in one compound of one complex in one location) above Rs. 50 crore shall attract claims experience discount / loadings based on the incurred claims experience of all the policies covering the insured’s interest for preceding 36 months excluding the expiring policy period. If there be break available 36 months experience is to be taken into account.

Fire Insurance, Declaration Policy : The stocks which are subject to market fluctuations could be covered under a declaration Policy. Under this Policy the insured gets full protection but has to pay premium on the average value of the stocks held during the period of Insurance. The minimum sum insured shall be Rs. 1 crore in one or more locations and the sum insured shall not be less than Rs. 25 lacs in at least of these

locations. Necessary that the declared values should approximate to this figure at some time during the policy year. The insured will declare periodically, say daily, weekly or monthly the average of values at risk during the said period. If declarations are not received within the specified period, the full sum insured under the policy shall be deemed to have been declared. Reduction in sum insured not to be allowed under any circumstances. Refund of premium on adjustment based on the declarations/cancellations shall not exceed 50% of the total premium. The basis of value for declaration shall be the market value anterior to the loss. Policy is not for insurance required for a short period, stocks undergoing process or stocks at Railway sliding. Subject to Average Clause as applicable.

Fire Insurance, Escalation Clause : To allow automatic regular increase in the sum insured throughout the period of the policy in return for an additional premium to be paid in advance. Selected percentage increase shall not exceed 25% of the sum insured. The additional premium at 50% of the final rate to be charged on the selected percentage increase in advance. Sum insured at any point of time would be assessed after application of the Escalation Clause which is applicable all policies (and not only reinstatement value policies) covering Building, Machinery and Accessories only and shall not apply to stock.

Fire Insurance, Excess Clause : (i) For policies having sum insured up to Rs. 10 crore per location (not applicable to Dwellings) – (a) the first 5% of each and every claim subject to a minimum of Rs. 10,000 in respect of each and every loss arising out of “Act of God perils”. (b) The first Rs. 10,000 for each and every loss arising out of other perils in respect of which the insured is indemnified by the policy. (ii) Policies having sum insured above Rs. 10 crore per location : (a) The first 5% of each and every claim subject to a minimum of Rs. 25,000 in respect of each and every loss arising out of “Act of God” perils. (b) The first 5% of each and every claim subject to a minimum of Rs. 10,000 for each and every loss arising out of other perils. Excess shall apply per event per insured.

Fire Insurance, Fire Extinguishing Appliances Discount : The discounts may be granted for Fire Extinguishing Appliances if the system is erected and tested as per the relevant Regulations and a Certificate from LPA or TAC(IRDA) accredited professional agency(ies) confirming the efficacy of the systems and its full compliance is submitted.

Fire Insurance, Floater Declaration Policy : Can be issued subject to a minimum sum insured of Rs. 2 crores and compliance with rules for Fire Insurance, Floater policy and Declaration policies. Minimum retention however be 80% of the annual premium.

Fire Insurance, Floater Policy : To cover stocks lying in various godowns in the same city or village or in different towns, villages/cities and for which the insured in not able to declare the exact value at each place separately but is sure of the total value in all the godowns. Floating policies are issued with a single sum insured covering goods at more than one locations. Only on stock in trade subject to location of each godown to be declared. The rate shall be the highest rate applicable to insured’s stock at any location with a floater extra loading of 10%. In case stocks in a process block are covered and the rate for the process block is higher than the storage rate, the process rate plus 10% loading shall apply. Kutcha construction to be ignored.

Fire Insurance, Kutcha” Construction : Building having walls and/or roofs of wooden planks/thatched leaves and/or grass/hay of any kind/bamboo/plastic cloth/asphalt cloth/canvas/tarpaulin and the like are to be treated as of “Kutcha” construction for the purpose of rating.

Fire Insurance, Legal Liability Insurance : Insurance against liability incurred because the insured's negligence results in fire damage to others' property in the insured's care custody or control.

Fire Insurance, Long Term Policies : Policies for a period exceeding 12 months can be issued for "Dwellings".

Fire Insurance, Marine Clause : The condition relieves Insurers of any liability for loss which is also recoverable under a Marine Insurance Policy.

Fire Insurance, Partial insurance : Not permissible to cover only portions of a building/ or only specified machinery (except Boilers). However, where portions of a building and/or machinery are under different ownership it is permissible for each owner to insure separately but to the full extent of his interest.

Fire Insurance, Reinstatement Value Policy : A special reinstatement value Policy where the basis of indemnity is modified to "new for old". Depreciation is not deducted but the basis is the cost of replacement of damaged property i.e., building or machinery by new property but of the same kind.

Fire Insurance, Reinstatement Value Policy extending Local Authorities Clause : Reinstatement value policy may be extended to cover additional cost of reinstatement solely by reason of the necessity to comply with the regulations of local authority. No additional premium is charged for inclusion of this clause in this policy.

Fire Insurance, Risks in Multiple Occupancy Industrial Estate : Risks in Multiple Occupancy Industrial Estates shall be rated "Per Se". If the entire building of the industrial estate is insured under one sum insured a rate as prescribed shall be charged to the building.

Fire Insurance, Silent Risks : Factories where no manufacturing / storage activities are carried out continuously for 30 days or more – Retention of the premium shall be based on the appropriate storage rate or silent risk rate of Rs. 1.00%-o whichever is higher for the silent period. The silent rates are not applicable if a risk goes silent following a loss under the policy. Risks becoming silent are not eligible for any other discount.

Fire Insurance, Special Rating : The erstwhile Fire Insurance tariff rewarded good risk features and reasonably good claims track sumptuously by a system known as Fire Special Rating. However, consequent upon opening up of the market, entry of Private Sector Companies, DE tariffing in Fire Insurance the every Company has adopted its own system for individual risk rating for large risks with good or adverse features.

Fire Insurance, Temporary Sheds : Temporary sheds (attached to buildings) erected during the monsoon solely for the purpose of monsoon protection are permitted without loading provided such sheds are not used for storage purposes.

Fire Insurance, Valued Policy(ies) : Valued Policy (ies) can be issued only for properties whose market value cannot be ascertained e.g., Curios, Works of Art, Manuscripts, Obsolete machine and the like subject to the valuation certificate being submitted and found acceptable by the insurers.

Fire Insurance, Voluntary Deductible : Discount is allowed for insured opting for voluntary deductibles.

Fire Interruption Insurance : Insurance against pecuniary loss consequent upon a fire or other perils commonly covered by a fire insurance policy.

Fire Legal Liability : An insurance policy which protects the insured against liability incurred when his negligent actions result in the destruction of property which is in his care, custody or control.

Fire Maps : A visual record of the distribution of Fire Insurance written by all reporting insurers placed on sectional maps. The maps show graphically the distribution of the insured's covered properties in a given area and make it possible to avoid catastrophic losses.

Fire Mark : An insignia, generally metal, once placed on buildings insured by the insurer represented by the mark. Since the insurers had their own fire brigades, they had to check the mark on a burning building to determine whether or not they should extinguish the fire.

Fire Plate : Term used to describe the successors to the fire mark in the later 19th and earlier 20th century. They are mostly of copper or tin and do not bear a policy number.

Fire Prevention : Measures taken to prevent the outbreak of a fire.

Fire Proof (Construction) : The term Fire proof is a misnomer. Fire occurring in an adjoining building or in the combustible contents of a building may cause damage to any structure. Therefore, no building can accurately be termed Fire proof. The term Fire-resistive is a better description of modern incombustible construction.

Fire Protection : All measures for the prevention, detection, extinguishment of Fire, the protection of human life and the preservation of property. More narrowly, the methods of controlling or extinguishingFire.

- **Private FireProtection** : Fire protection provides by the owner or occupant of a property or by some non-public entity hired to provide such protection. Most private Fire protection is achieved through Fireextinguishers and sprinkler systems.

- **Public FireProtection** : Fire protection provided by a municipal or other governmental authority to all properties over which that authority has jurisdiction. Most public Fire protection is achieved though Fire or police department personnel and equipment.

Fire Resistance : A measure of the extent to which a building by its construction will resist fire and so reduce its spread.

Fire Resistive Construction (Fire Resistant) : Construction according to certain standards designed to resist Fire and thus reduce its spread.

Fire Stop : An obstruction across an air passage or concealed space in a building to prevent fire from spreading.

Fire Surveyor : One who inspects property to determine the degree of hazard to which it is subject from fire and to assess the premium payable for fire insurance.

Fire Wall : (01) Fire wall that separates a property into two Fire areas, (02) Fire-resistant wall designed to prevent the horizontal spread of Fire into adjacent areas and to maintain the integrity of a structure.

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First Loss : A form of insurance cover in which the sum insured is less than the full value of the insured property, so that the policyholder has to bear any loss in excess of the sum insured. It is appropriate in circumstances where the policyholder considers that a loss in excess of the sum insured is extremely unlikely or the item is effectively priceless. It is commonly used in fire and Burglary insurances. Also, in credit insurance, an excess.

First Loss Insurance : Property insurance where the sum insured is accepted to be less than the value of the property but the insurer undertakes to pay claims up to the sum insured.

First Named Insured : Refer : "Insured, named insured, first."

First Offer Plan : A provision in a buy-sell agreement which specifies that an offer to sell common stock must first be made to current stockholders.

First Party Insurance : Insurance which provide coverage for the insured's own property or person.

First Surplus Reinsurance : "Refer : Reinsurance**,** First Surplus"

First Surplus Treaty : Refer : "Reinsurance, Surplus Treaty, First Surplus,"

First Three : The first three leading underwriters on a broker's slip, not necessarily the first three underwriters to have signed.

First Year : The term used to refer to various matters during the first year a policy is in force, such as first year premiums and first year claims.

Fish-in-Pond Insurance : Applicable to Fry/Fisher lings/Fish in stock ponds and Breeders in fresh water only and not marine fisheries or to brackish water fish. Fish of Rohu, Catla, Mrigal, Common carp, Silver carp and any other recognized breed may be covered. The policy cover the entire period crop viz., fry to fingerling – 3 months in rearing pond, fingerling to fish stage – 12 months in stocking pond, breeds age 1 year to 5 years – 12 months period in breeder ponds. The value will depend on the cost of fry/fingerlings, cost of input, other incidental expenses. Profit not to include in valuation. Indemnity 80% to 100% of the value on the basis of stage wise expenses as per valuation tables subject to salvage. The Policy covers total loss or destruction of fry/fingerlings / fishes in pond due to accident or disease. The cover is granted for fisheries in pond and other fresh water project. Among others cover also includes risk of pollution, poisoning and malicious act by third parties, riot and strike, earthquake, explosion, damage by aircraft, flood, famine, drought and such other natural calamities. The Policy can be extended to cover fish rearing ponds against Fire, lightning, riot, storm, tempest, flood, malicious damage and earthquake.

Fitness of Vehicle : Section 56 of the Indian Motor Vehicles act provides that if the fitness of the vehicle had expired before the date of accident, the vehicle shall not be deemed to be registered under Section 39 of 1988 Act.

Five freedoms of the air : Allow scheduled international services :

I. The privilege to fly across the territory of another contacting State.
II. The privilege to land for non-traffic purposes.
III. To put down passengers, mail and cargo in the territory of the State whosenationality the aircraft possesses.
IV. To take on passengers, mail and cargo destined for the territory of the Statenationality of whose the aircraft possesses.

V. To take on passengers, mail and cargo destined for the territory of any other contracting State and to put down passengers, mail and cargo coming from any suchterritory.

F.O.B. (Free on Board) : A shipment term. The seller is responsible for loss or damage to goods until they are placed on board the vessel for onward carriage. Thereafter the buyer becomes responsible and he has therefore the option to insure where he likes.

F.O.D. : Free of Damage

F.O.R. (Free on Rail) : A shipment term. This is similar to F.O.B. but concerns mainly the internal trade transactions.

Fixed Base Liability, **Aviation** : The Liability coverage needed by fixed based operators i.e., those who operate commercial enterprises and operate out of one airport. Aircraft dealers, charterers and instructions are example.

Fixed Objects : In Marine Hull Liability insurance a distinction is drawn between "collision" with vessels and contact with "fixed objects" such as piers, wharves and fastened buoys, the latter not being covered by collision clauses.

Fixed Premium : A premium fixed at the outset and not subject to adjustment during the year or other period of insurance.

Fixed Rate Treaty : Refer : "Reinsurance, Fixed Rate Treaty"

Fixed Share Treaty : Refer : "Reinsurance, Fixed Share Treaty"

Fixed Treaty : Refer : "Reinsurance, Fixed Treaty".

Fixtures & Fittings : Those articles that are attached and appear to be a permanent part of the property. However, at times they are used to refer to articles of furniture and equipment which are not permanently attached. Thus, shelves, showcases, counters are customarily regarded as fixtures and fittings, though, some of these may not be permanently attached.

Fixtures : Appurtenances which are affixed to the building or land and generally in such a way that they cannot be moved without causing damage to either to property or themselves and as such as a general rule become part of the realty so that ownership vests in the landowner, with certain exceptions for tenant's fixtures and trade furniture.

Flag Carrier : An airline of one national registery whose government gives it partial or total monopoly over international routes.

Flag of Convenience : Every State, whether coastal or not, has the right to sail ships under its flag on the high seas. Each State fixes the conditions for the grant of its nationality to ships for the registration of ships in the territory and for the right of fly its flag. Ships have the nationality of the state whose flag they are entitled to fly. Flags of convenience are the national flags of those States with whom ship-owners register their vessels.

Flame : The light given off burning gases and incandescent particles.

Flammable Liquid : A liquid substance, such as gasoline, which is readily capable of igniting, sustaining, or accelerating a fire.

Flashover : The preheating of combustibles in a room or building, allowing the contents to be brought to their ignition temperature almost immediately.

Flat Cancellation : When liabilities have not existed thereunder, policies may be cancelled free of any charge to the insured. Such terminations are knows as flat cancellations.

Flat Commission : Remuneration paid to an Agent of the basis of a straight percentage of premium for all types of risks and policies as compared to a graded scale of separate percentage for different types of policies.

Flat Deductible : A deductible which is not one of the disappearing or franchise type. A specific amount deducted from each loss or claim.

Flat Line Reinsurance : Refer : "Reinsurance, Flat Line"

Flat Maternity Benefit : A stipulated benefit in a Hospital Reimbursement policy that is paid for maternity confinement, regardless of the actual cost of the confinement.

Flat Rate, Reinsurance : Refer : "Reinsurance, Flat Rate"

Fleet : A group of vehicles, ships or aircraft that are insured together under one policy. Sometimes these are subject to different rating approaches from those that would apply to individual risks.

Fleet Insurance : (i) A Motor Insurance Policy covering a group of similar vehicles with premiums calculated on an experience basis. (ii) A Hull Insurance contract covering a group of vessels in a single Policy. A Reinsurer's line will be based, usually on the top value Vessel and pro-rata on the other, or may be interested in vessels only above or below a certain category.

Fleet of Insurance Companies : Many Insurance Companies are affiliated with others under the same Management. These groups, which usually include Fire, Marine, Causality, and Surety Companies, are called fleets.

Fleet Rating : The process of determining premium rates for fleets. Different techniques will be used for the individual risks in a fleet, largely based on the size of the fleet and the amount of claims history available. For example, while small fleets may be largely rated according to book rates per vehicle with some adjustment for expense savings, some form of experience rating will be used for larger fleets with the credibility increasing with the size of the fleet. In Marine Hull Insurance, fleet rating will aim to incorporate the characteristics of a fleet (for example ones under common management) into the rating process, as well as the risk characteristics of the individual ship. Advanced statistical rating techniques could be applied although simpler rating techniques are used in practice.

Flesch Test : A method for determining the degree of ease or difficulty for reading material. This method counts not only the number of words in a sentence, but also the number of syllables in each word. It has come into popular because of recent introduction of insurance as a course of study requiring that contracts of insurance be easily understandable by someone at the eighth grade level.

Flexible Benefit Program : Allows each employee to choose among types and amounts of employee benefits. The plan sponsor may require minimum amounts of certain benefits such as health insurance to meet its social responsibility goals.

Flight Coupon Personal Accident Insurance : A Policy protecting individuals as fare paying passengers of a scheduled aircraft from destination to destination including while entering or coming out of aero plane. It is generally obtained at airports.

Float : That portion of the balance of a bank account which the bank still shows as being in that account even though a cheque or other instrument payable from that account, has been negotiated. Float occurs during the interval of time between the negotiations of the instrument and its clearance and debiting against the account.

Floater : Property Insurance on moveable property, whatever its location within the territorial limits of the Policy. The coverage "floats" with the property. Generally there is a territorial limit and coverage is provided at any location within that territory.

Floater Clause under Standard Fire and Special Perils Policy : In consideration of floater extra charged over and above the policy rate the sum insured in aggregate under the policy is available for any one, more, or all locations as specified in respect of movable property.

Floater Policy : A Policy under the terms of which protection follows movable property covering it wherever it may be, e.g., a Policy on tourist's baggage.

Floating Policy : (i) When there are a series of export or import transactions, it is used for a single global sum insured, as shipments are made a declaration of their value must be made to the Insurers, the balance of the sum insured applicable to future transactions being thus automatically reduced. (ii) Policies where the sum insured covers a sequence of events, being reduced as each event occurs.

Flood : Flood is usually defined as "escape" from its normal confine of a body of water, due to a rise in its level, or to the breakdown of the barriers retaining it. The essential ingredients of flood is the rise of water to an abnormal level. (02) Overflow of water from its natural boundaries. More specifically defined as “a general and temporary condition of partial or complete inundation of normally dry land areas from (a) the overflow of inland or tidal waters, or (b) the unusual and rapid accumulation or runoff of surface waters from any source. (03) abnormal, flood related erosion and undermining of shorelines. Flood also means inundation from mud flows caused by accumulations of water on or under the ground as long as the mud flow and not a landslide is the proximate cause of the loss. (04) A flood is an overflow of an expanse of water that submerges land and the property. Flood may be a result of too much rain, excessive melting of snow, breach of canals and ponds etc.

Flood Insurance : Contract of protection for damage caused by overflowing or rising water. Obtainable under Fire and Marine contracts as an incidental feature to a more comprehensive coverage. Straight Flood Insurance alone is a very rare coverage.

Floor Plan Insurance : A form of insurance covering merchandise held for sale by a retailer which has been used as collateral for a loan. The lending institution in effect is insuring its collateral the merchandise “on the floor” of the retailer.

Flow-Through Cost : Net cost of Insurance (or other product) available from an Agent or broker (or other intermediary) who adds no markup to cover the intermediary's own costs or profit.

Flywheel Insurance : A specialized coverage for loss caused by flywheel bursting.

Foam Installation : Fixed pipework connected to an apparatus producing foam which it discharges to suppress a fire.

Folded : An article folded in such a manner as to reduce its bulk 33-13% from its normal shipping cubage when not folded.

Follow the Fortunes : Refer : "Reinsurance, Follow the Fortunes."

Follow the Lead : A custom in an insurance market e.g., Lloyd's whereby once a leading underwriter has accepted part of an insurance, other underwriters will tend to follow him.

Following Form: A term for a fire or other form written exactly under the same terms and coverage as other insurance on the same property.

Football Match Insurance : The Insurance covers the total abandonment of football match due to specified perils like Fire, lightning, explosion, earthquake, rain, flood, storm, riot, strike, malicious damage and terrorist act. The Policy covers the actual financial loss suffered by the insured i.e., the organizers. It is a condition under the Policy that no liability will attach even if a single ball is played. Change in venue or postponement of the match does not constitute a claim. It is prescribed that the tickets issued shall contain a stipulation that once a ticket is sold no refund will be allowed.

For Declaration Only : A policy which does not specify the insurance or state the premium pending subsequent declarations of specific insurances.

Force Majeure : This term is not a French version of "Vis Major". It is a term of wider import. Strike, breakdown of machinery though not included in "Vis Major" are included in "force majeure". By the use of the term "force majeure" the intention is to save the performing party from the consequences of anything over which he has no control.

Forcible and Violent Means : Term used in Burglary insurance when cover is given only for theft following on entry for forcible and violent means, thus, excluding losses following entry gained by a trick, by the use of a key, or by entering through an unlocked door or window.

Forcible Entry and Detainer : The name of an action for the prompt recovery of the possession of real property in certain cases.

Foreclosure : The forced transfer of property ownership by order of Court as a means of satisfaction of an unpaid obligation such as a mortgage or property taxes that are unpaid.

Foreign Carrier : A carrier domiciled in another country.

Foreign Company : Term used in the U.S.A. to describe an Insurance Company established in one U.S. State when it is operating in another.

Foreign Exchange Risks : Refer " "Risks, Foreign Exchange".

Foreign Insurer : Insurer domiciled in a country other than the one where the insured exposure is located. Contrast with "Alien Insurer."

Foreign Jurisdiction Clause : A clause in a policy providing that claims shall be settled in a jurisdiction other than that of the country where the insurers are based.

Foreign Trade Zone : A free port in United States divorced from Customs authority but under Federal Control. Merchandise, except that which is prohibited, may be stored

in the zone without being subjected to the United States tariff regulation. Also called Free Trade Zone.

Foreign Trade Zone Entity : A form declaring goods which are brought duty free into a Foreign Trade Zone for further processing or storage and subsequent exploration.

Forest Fire, Add On peril under Standard Fire and Special Perils Policy (Material Damage) : On payment of additional premium the Policy is extended to cover loss or damage to the property insured directly caused by burning, whether accidental or otherwise, of forest, jungles and the clearing of lands by Fire.

Forestry Insurance : Protection against loss or damage to trees (standing timber), most commonly against fire, catastrophic windstorm, snow, flood or earthquake events. Escalating valuation is applied in order to reflect the increasing volume of timber and thus exposed values at risk with increasing age of the trees.

Forfeiture : Loss of a right in consequence of a crime or breach of engagement. Thus, rights under an insurance policy may be forfeited if the claim is fraudulent.

Forgery :(i) Falsely making or altering a document. (ii) The fraudulent alteration of any document or the circulation of any forged or fraudulently altered document by the employee, whereby he obtains possession of money or goods of the employer. Section 463 of IPC define Forgery as "Whoever makes any false documents (or false electronic record) or part of a document (or electronic record) with intent to cause damage or injury to the public or to any person or to support any claim or title, or to cause any person to part with property, or to enter into any express or implied contract, or with intent to commit fraud or that fraud may be committed, commits forgery.

Making a false document : A person is said to make a false document or false electronic record

First : Who dishonestly or fraudulently (a) makes, signs, seals or executes a document or part of a document; (b) makes or transmits any electronic record or part of any electronic record.(c) affix any digital signature on any electronic record(d) makes any mark denoting the execution of a document or the authenticity of the digital signature With the intention of causing it to be believed that such document or part of document, electronic record or digital signature was made, signed, sealed, executed, transmitted or affixed by or by the authority of a person by whom or by whose authority he knows that it was not made, signed, sealed, executed or affixed or

Secondly : Who without lawful authority, dishonestly or fraudulently, by cancellation or otherwise, alters a document or an electronic record in any material part thereof, after it has been made, executed or affixed with digital signature either by himself or by any other person, whether such person be living or dead at the time of such alteration; or

Thirdly : Who dishonestly or fraudulently causes any person to sign, seal, execute or alter a document or an electronic record or to affix his digital signature of any electronic record knowing that such person by reason of unsoundness of mind or intoxication cannot, or that by reason of deception practiced upon him, he does not know the contents of the document or electronic record or the nature of the alteration.

F.P.A. : Refer : "Free of Particular Average."

F.P.A.A.C. : Refer : "Free of Particular Average."

F.P.A.E.C. : Refer : "Free of Particular Average."

Forgery Bond : Protection against the forgery or alteration of instruments such as cheques, drafts and promissory notes purported to have been written by the insured.

Forgery Insurance : (i) Commercial forgery Policy which is used by firms other than banks (ii) Depositors forgery Policy which is issued to protect the insured and his bank (iii) A peril covered under Fidelity guarantee Insurance.

Form : Pre-printed document attached to an Insurance Policy giving details of the insured exposure or tailoring the coverage to a specified exposure. Also, any rider or endorsement, such as a deductible endorsement form.

Form of Subrogation : An authority signed by the insured which enables the insurer to pursue his subrogation rights without having to prove them in some other way.

Fortuitous : Happening by Chance.

Fortuitous Circumstance (or Cause or Event) : A chance happening - an accident caused by an unforeseen happening.

Fortuitous Losses : Losses that occur as a matter of chance. Losses are not controlled or influenced by the insured.

Fortuity Doctrine : An insurance contract insures against risks of loss that are neither intended nor expected from the standpoint of the insured. Intentional acts done with the intent to recover insurance proceeds are never insured. The fortuity doctrine requires that the loss be accidental to be covered. The rule embodies a fundamental and significant public policy interest that in some contexts is sufficiently important to preclude coverage claims even when there are explicit agreements to the contrary.

Forward Contract : An agreement for insurance to come into force at some future date.

Forward Exchange Rate Cover : Credit insurance against the exporter's risk of loss from an unfavorable movement in the rate of exchange.

Forwarder, Freight Forwarder, Foreign Freight Forwarder : An independent business that dispatches shipments for exporters for a fee. The firm may ship by land, air or sea or it may specialize. Usually it handles all the services connected with an export shipment; preparation of documents, booking cargo space, warehouse, pier delivery and export clearance. The firm may also handle banking and insurance services on behalf of a client

Forwarding Charges : Expenses of carriage of cargo to destination from a place of refuge or port of forced discharge.

Foul Bill of Landing : A receipt of goods issued by a carrier with an indication that the goods were damaged when received.

Foundation Exclusion Clause : A provision in a Fire Insurance contract which provides that the value of the foundation is not to be included when determining the value of the property at the time of a loss.

Foundation Wall : Masonry wall below ground supporting building.

Foundering : A ship which is sinking.

Fractional Premium : A proportionate amount of the regular premium usually used when a change in premium paying date is desired and the portion of the premium year between the old date and the new must be settled.

Frame : A type of construction. A frame building is primarily made with wood frames and joists.

Franchise Clause or Deductible : A clause or provision in a Policy where the Insurer pays all losses over a given level i.e., franchise, but no losses below that level i.e., falling within the franchise. Contrast with excess.

Franchise Clause, Marine Insurance : Marine Policy feature providing that no claims below a stated amount are to be paid by the Insurers but if the claims are above that amount the entire amount will be paid. This clause discourages the submission of small claims that cost more to process than the actual settlement amount.

Franchise Insurance : A form of insurance in which individual policies are issued to the employees of a common employer or the members of an association and the employer or association agrees to collect the premiums for the insurer.

Fraternal Insurance : A cooperative of insurance provided by social organizations for their members.

Fraud : Obtaining an advantage by unfair or wrongful mans. Deception or artifice used to deceive or cheat.

Fraud Bond : Type of business Insurance protection against loss caused by fraud.

Frauds in Insurance : Fraud is defined as an intentional misrepresentation of material existing facts made by one person to another with knowledge of its falsity and for the purpose of inducing the other person to act, and upon which the other person relies with resulting injury or damage. Insurance fraud occurs when any act is committed with the intent to fraudulently obtain some benefit or advantage to which they are not otherwise entitled or someone knowingly denies some benefit that is due and to which someone is entitled. Types of insurance fraud are very diverse and occur in all areas of insurance. Insurance crimes also range in severity, from slightly exaggerating claims to deliberately causing accidents or damage.Some fraud indicators are claims made shortly after the policy inception, serious underwriting lapses observed while processing a claim, insured overtly aggressive in pursuit of a quick settlement, willing to accept small settlement, documents of doubtful nature, insured behind in loan repayment, accident un-witnessed and not promptly reported, invisible injury, high value leakage claim without any known casualty.

Frauds in Insurance, IRDAI's Initiative on frauds in insurance : Anti-Fraud Policy : All insurance companies are required to have in place an Anti-Fraud policy duly approved by their respective Boards. The policy shall duly recognize the principle of proportionality and reflect the nature, scale and complexity of the business of specific insurer and risks to which they are exposed. While framing the policy, the insurance company should due consideration to all relevant factors including organizational structure, insurance products offered, technology used, market conditions, etc. As fraud can be perpetrated through collusion involving more than one party insurers should adopt a holistic approach to adequately identify, measure, control and monitor fraud risk and accordingly lay down appropriate risk management policies and procedures across the organization. Important aspect of

Anti-fraud policy to include procedure for fraud monitoring, identification potential areas of internal fraud, policyholder fraud, claims fraud, intermediary fraud, coordination with law enforcement agencies, framework for exchange of information, due diligence, regular communication channels and fraud monitoring and preventive mechanism.

Fraudulent Claims : Dishonest claims made by people who suffered no loss or who magnify a loss for their own gain.

Fraudulent Delivery : In connection with Transportation floaters, when a shipper surrenders goods to someone posing as an agent for the carrier, it is held that the goods did not come into the custody of the carrier. If the carrier delivers goods to someone posting as an agent for the receiver, it is held that no valid delivery is made, and the courier is held liable for the loss.

Fraudulent Misrepresentation : Misrepresentation made knowingly with intent to deceive, or recklessly without care whether it be true or false.

Free alongside Ship (FAS) : Quoted price includes the cost of delivering the goods alongside a designated vessel.

Free Asset : An asset of an insurance company that is not earmarked for the fulfillment of a limited class of obligations such as satisfying claims in one section of its business only.

Free Days : All consignments will be allowed storage in the docks free of demurrage for four days (three days in Bombay port) following the General Lading Date declared by the Docks Manager. For computing the number of free days. Sundays and Dock holidays declared will be omitted. The Docks Manager is empowered to grant extension of Free days in following cases :

1. Where the entire consignment has landed subsequent to General Lading Date declared for the vessel's cargo;

2. Where a part of the consignment is discharged after the expiry of the free days.

3. For consignment of wines, spirits, liquors, the general lading date will be the on which the last package of the consignment is discharged.

Free In : Cost of loading a vessel is borne by the charterer.

Free in and Out (F.I.O.) : Cost of loading and unloading a vessel is borne by the charterer.

Free Limits : (i) The geographical area within which the holder of a Health Insurance policy is covered without payment of additional premium. (ii) Limits of amount up to which an insurance cover will be granted automatically.

Free Look : A period of time (usually 10, 20 or 30 days) during which a policyholder may examine a newly issued individual policy of life or health insurance, and surrender it in exchange for a full refund of premium if not satisfied for any reason.

Free of Charge : The Insurer allows no discount.

Free of Particular Average : Phrase describing an ocean marine Policy on a cargo or vessel which excludes (or frees the Insurer from paying) particular averages, obligating the Insurer to pay only General Averages (refer "average, particular" and "average, general"). Some policies exclude only particular averages which are less than a

specified percentage of the value of the insured cargo or vessel, thus providing coverage for large particular averages (as well as for all general averages). There are two types of particular averages clauses : (i) free of particular average - American conditions (EPAAC) and (ii) free of particular average - English conditions (FPAEC). These clauses modify the basic free of particular average clause by restoring in full particular averages caused by certain perils.

Free of Particular Average Absolutely : A Marine Insurance Expression. Where it is used insurers are not liable for partial damage unless (a) the vessel in which the cargo is carried is stranded, sunk or burnt, or (b) an insured package is totally lost in the loading, transshipment or discharge or the loss or damage is attributable to fire, explosion or collision or impact of the vessel with an external substance other than water.

Free of Premium : No further premium is payable.

Free On Board (FOB) : The term has special significance in Marine Insurance, where it is vital to determine when title passes from the seller to the buyer. If the materials are shipped FOB point of destination, the seller is liable for damage caused during the course of transportation. If the material is shipped FOB point of departure, the buyer becomes liable for it.

Free Out (F.O.) : Cost of unloading a vessel is borne by the chartered.

Free Port : A port which is a foreign trade zone, open to all traders on equal terms, more specifically a port where merchandise may be stored duty-free, pending re-export or sale within that country.

Free Reserves : The excess of the value of an insurer's assets over its technical reserves and current liabilities. Sometimes, referred to as shareholders' funds or net asset value.

Free Standing Emergency Medical Surgical Center, Health : A facility whose primary purpose is the provision of care for emergency medical conditions. Also, called emergi-center or urgi-center.

Free Standing Outpatient Surgical Center, Health : A facility which only provides outpatient surgical services. Also called surgi-center.

Free Trade Zone : (i) In general, geographic place or an organization through which specified types of commerce can be conducted without paying the tariffs or taxes which otherwise would be applicable to that commerce; that is, a zone where trade is free of governmental charges. (ii) In Insurance, a free trade zone is a facility through which Insurers can negotiate with potential insured for coverage on mutually agreeable terms and can enter into Insurance contracts without having to pay premium taxes which would otherwise be imposed.

Freedom of Establishment : The right to set up an office or establishment in a country other than that in which one has one's principal place of business.

Freedom of Services : The right to provide services in a country without necessarily having an office or establishment in that country.

Free-of-Capture-and-Seizure (FC & S) : Exclusion in an ocean marine Insurance Policy on a ship or cargo which excuses (frees) the Insurer from liability for loss resulting from capture or seizure of the ship or its cargo by pirates or "assailing thieves."

Freezer Insurance : Insurance of the contents of a deep freezers against damage caused by an undersigned change of temperature.

Freight : Money charged by a carrier for transporting goods. The term freight includes the profit derivable by a ship-owner from the employment of his ship to carry his own goods or movables as well as freight payable by a third party but does not include passage money.

Freight Forwarder : These are intermediaries having close relationship with the shipper, consignee, ship-owners and their Agents. They act as shipper's antenna and providers them all shipping information relating to developments in shipping services, tendencies in freight rates, handling & storage facilities in ports etc.

Freight Policy : **Freight, Chartered or Anticipated / Time Charter Hire /Passage Money - Time / Voyage** : The earnings of a vessel described as freight for time can be insured up to 25% of the hull value provided no additional Insurances on disbursements are placed. The Policy is subject to Institute Time Clauses – Freight, 1.10.1983, provides an indemnity for loss of freight but not exceeding the gross freight lost. Any claim consequent on loss of time, whether arising from a peril of the seas or otherwise is expressly excluded. Further, the underwriters does not cover partial loss of freight, other than GA loss, under 3% unless caused by fire, sinking, stranding or collision with another vessel. In the event of total loss (actual or constructive) of the vessel, the freight is paid in full, whether the vessel be fully or partial loaded or in ballast, chartered or unchartered. The contributions of Freight towards GA, salvage charges and Sue and Labour expenses also covered.

Freight,Advance : Partial payment of freight charged in advance.

Freight, Collect : Freight payable at destination provided the vessel delivers the specified goods in reasonable condition.

Freight, **Guaranteed** : Freight payable whether the goods are delivered or not, provided the failure to deliver the goods resulted from causes beyond the carrier's control.

Freight,Prepaid : Payment of the full bill of lading freight in advance.

Frequency Rate : Number of occurrences of a given event, expressed in relation to a base unit of measure. For example, accidents per employee-hour of exposure, or traffic fatalities per 100,000,000 miles of vehicle travel.

Friendly Fire : A fire confined to the area of boiler, stove, or other place designed to contain it.

Friendly Society : A mutual society established for the relief or maintenance of its members or their relatives during sickness or othr infirmity or in old age or widowhood or for life assurance and certain other purposes.

From the Ground Up : Refer : “Reinsurance, From the Ground Up”

Fronting Company : Refer : “Reinsurance, Fronting Company”

Frost : Frost is the solid deposition of water vapor from saturated air. It is formed generally in winters when solid surfaces are cooled to below the dew point of the adjacent air. Frost crystals size differs depending on time and water vapor available.

Frozen Products Food / Meat Clauses : 01.01.0986 (Institute of London Underwriters) : This insurance covers all risks of loss of or damage to the subject matter insured other than loss or damage resulting from any variation in temperature howsoever caused. Loss of or damage to the subject matter insured resulting from any variation in temperature is covered if attributable to (i) breakdown of refrigerating machinery resulting in its stoppage for a period of not less than 25 consecutive hours (ii) fire or explosion (iii) vessel or craft being standard grounded sunk or capsized (iv) overturning or derailment of land conveyance (v) collision or contract of vessel craft or conveyance with any external object other than water (vi) discharge of cargo at a port of distress. Since it covers temperature variation losses arising out of machinery breakdown of refrigerated machinery, inherent vide exclusion is not applicable for such losses. Rest of the exclusions are same as ICC-B. The risk attaches from the time the cargo pass into the cooling and/or freezing chamber of the works at the place named herein. Also the time limit till which the insurance will remain in force after getting discharged from the overseas vessel has been altered from 60 days under ICC to 30 days for cargo moving to US and Europe and 15 days for other geographies. Also, there is an adjustment provision which allows the assured to get indemnity where the cargo or a part of cargo does not get boarded on the vessel due any peril.

Frustration : The premature determination of a contract owing to the occurrence of an intervening event or a fundamental change in circumstances not contemplated by the parties at the outset.

Frustration Clause : A marine Policy clause which excludes claims based on frustration of the adventure by the operation of war perils.

Full Coverage : Any form of Insurance which provides for payment without deduction, of all losses occasioned by hazards covered. Insurance against the full amount of any loss up to the amount of Insurance, without deductions.

Full Interest Admitted : Phrase in a marine Insurance Policy which signifies the Insurer's agreement that the insured has sole right to payment in case of loss, in effect, conceding that the insured has the only insurable interest.

Full Reinsurance Clause : Refer : "Reinsurance, Full Reinsurance Clause."

Full Signed Line : Refer : "Reinsurance, Full Signed Line"

Full Value Insurance : An insurance where the insured is required to warrant that the sum insured represents the full value of the insured property.

Full Value Reserve : An undiscounted provision for the payment of outstanding losses, ALAE or LAE; distinguished from discounted reserve.

Full Written Line : Refer : "Reinsurance, Full Written Line "

Full-Reporting Clause : Property Insurance provision under which an insured reports periodically the fluctuating value or amount of insured property and pays premiums on these reported values. The insured is penalized for reports which are tardy or which understate values. Also called "Honesty Clause."

Fully Involved : The entire area of a building on fire so involved with heat, smoke and flame that immediate access to the interior is not possible until some measure of control has been obtained with hose streams controlled by firefighters.

Functional Costing : A process used within an expenses analysis to split the expenses of each line department between the different classes of business covered by that department. The process usually relies upon fixing relative unit costs for each of the processes carried out by the department

Fund : Allocation of premiums from which losses can be paid.

Fund Accounting : A process whereby a fund is established for future losses for a period or a type of claim against which claims experience is monitored, rather than a prospective approach to evaluating and settling claims reserves.

Fund Convention 1971 : An International Convention which requires cargo owners to contribute to the cost of oil spills if the ship owner's liability limit does not suffice to meet the claims.

Funding : Setting aside assets to meet an eventual obligation.

Fungible : Interchangeable such as a certain type and grade of wheat stored in a public elevator. Thus a claim may be settled by tendering the same amount, type and grade but not necessarily the original material.

Fur and Jewellery Floater : Usually an all risk form which applies to the furs and jewellery scheduled in the policy whatever their location country-wide or world-wide.

Furnace Explosion : A violent bursting with noise of the Fire box of a furnace. This type of happening is covered by the Fire Insurance explosion policies, while an explosion of the boiler would come under a Boiler Explosion Policy.

Furriers Customers Insurance : An Inland Marine purchases by a furrier to protect furs in storage belonging to customers.

Future Incase Option : An option which allows the insured to increase the sum insured at the policy renewal. Also an option which allows an insured to increase disability income benefit at predetermined times, specified in the policy, without evidence of insurability.

G

G.A.T.T. : General Agreement on Tariffs and Trade, a multilateral treaty intended to help reduce trade barriers and promote tariff concessions.

G.C.R. : General Cargo Rate. The basic tariff category which was introduced to cover most air cargo now covers only a minority, the remainder being under SCR or class rates.

GA Disbursement Cover : Due to GA salvage charges are incurred. In the subsequent voyage if cargo becomes a total loss due to total loss of the vessel, the ship-owners will not be having any contributions from cargo owners. The GA expenditures incurred is not available. GA disbursement cover pays such loss.

Gale

A wind with a speed of from 34 to 40 knots (39 to 46 miles per hour; 63 to 74 kilome ters per hour), accordingto the Beaufort scale. Also called *fresh gale.* On the water a storm at sea. Moderately high (18-25 ft) waves of greater length, edges of crests begin to break into spindrift, foam blown in streaks. On the land Twigs breaking off trees, generally impedes progress. Also refer “Strong Gale”.

Gambling : The creation of a situation where there is a chance of either loss or gain. This is the opposite of insurance, which either eliminates or reduces the risk of loss and presents no chance or gain.

Gambling Policy : A Policy in respect of which the assured or reassured has no insurable interest, and no reasonable expectation of acquiring such interest.

Gaming Policy : A gambling Policy, Refer :"Gambling Policy."

Gang : Group of stevedores usually 4 to 5 members with supervisor assigned to a hold or portion of the vessel being loaded or unloaded.

Garage Comprehensive Policy : An Automobile Insurance Coverage used to insure automobile dealers, repair shops, service stations and garage risks. Garage liability, garage keepers coverage and physical damage coverage may be included.

Garage Keepers Liability Insurance : Insurance to protect garage owners or automobile dealers for liabilities arising out of their business operations.

Garbling Clause : The meaning of the term “garble” means to sift, to cleanse, to separate sound from the whole, which may have got mixed up with the some other material. Generally, this term is applied to insurance of tobacco, but it could be applied to most cargoes, like coffee beans or grain. The clause provides that the insurer will pay the cost of garbling, as such an exercise prevents further damage and reduces the claim.

Garnishment : Legal notion to appear in court. Also a legal warning to persons or companies holding another's property that it is thus attached and should not be delivered to the owner but should be accounted for in a court. In some cases money or settlement under an Insurance Policy is subject to garnishment.

Gatekeeper Model, Health : Under this model the primary care physician (the gatekeeper) is the initial contact for the patient for medical care and for referrals. This is also called a closed access or closed panel.

Gateway : Port of entry into a country or region.

Gender Rule : One method of determining which parent's medical coverage will be primary for dependent children : the father's coverage will automatically be considered primary and will pay first.

General Account : An investment portfolio used by an insurer for investment of premium income. This portfolio generally consists of safe, conservative, guaranteed investments.

General Agency system : Method of handling Insurance through general Agents as contrasted with the branch office system.

General Agent : (i) In liability Insurance, an Agent who solicits business from the public and earns a commission from those Insurers the gent represents. (ii) In property Insurance, an individual having an exclusive territory and supervising an Insurer's independent Agent's in that territory. A general Agent does not sell Insurance Directly to the general public. (iii) In health Insurance, an individual appointed by an Insurer to conduct business in a given territory on a commission basis (perhaps also receiving additional expense allowances).

General Aggregate Limit : A Commercial General Liability limit that applies to all damages paid for bodily injury, property damage, personal injury, advertising injury and medical expenses, except damages included in the products completed operations hazard.

General Average : A voluntary sacrifice by the master of a ship of all or part of an interest in a marine venture for the purpose of saving the remainder of the venture. Damage and expenses purposely incurred for the common safety of the vessel, freight and cargo interests. General averages are paid by the several interests in the proportion of their respective values exposed to the common danger including the interest of the party whose property or interest is intentionally sacrificed. For example, if it is necessary to jettison cargo to save a ship, the owners of the ship and the rest of the cargo that is saved will share in the loss of the goods that were intentionally sacrificed.

General Average Act : A sacrifice made or an expense incurred voluntarily to preserve a marine venture, e.g., jettisoning a part of the cargo.

General Average Adjustment : A statement of losses, values and proportionate contributions prepared by an average adjuster nominated by the ship owner for the purpose of adjusting a general average loss.

General Average Agreement : When a general average occurs the carrier has a lien on the cargo to secure the consignee's contribution. To remove this the consignee must deposit money or provide an insurer's guarantee. Collaterally the consignee must execute a general average agreement (or average bond) undertaking to abide by the decision of the average adjuster and to accept liability for the general average contribution.

General Average Clause : A clause in ocean marine insurance that requires ship and freight interests other than the insured to respond to losses suffered by the insured interest when those losses result from voluntary, necessary and successful sacrifice of the insured's freight because of shipping peril.

General Average Condition : The amount which an interest in a marine venture must contribute as its share in making good a general average sacrifice.

General Average Contribution : The payment from a party in a marine venture to pay for a general average loss. It is in proportion to the value of his interest as compared with the total values of all interests in the venture.

General Average Deposit : A deposit which a ship owner requires of a cargo owner as a condition of releasing his lien on cargo that is subject to a general average contribution.

General Average Expenditure : Expenditure incurred by a ship owner in connection with a general average act e.g., the hire of a tug to pull a vessel off a strand.

General Average Fund : A fund collected jointly by a ship owner and his average adjuster consisting of general average deposits and available for the payment of general average expenditure, and eventually, of contributions.

General Average Guarantee : An insurer's guarantee that may be accepted by a ship owner in lieu of a general average deposit.

General Average, Marine Cargo : This is an extraordinary sacrifice or expenditure voluntarily and reasonably made at the time of common peril. All interests have to contribute to General Average. So far as cargo is concerned, the position is as follows:

- If cargo is sacrificed, the owners of cargo can claim directly from their Insurers for the loss.
- The owners of cargo saved can claim directly, from their Insurers, for their liability to "contribute" for general average losses.

Both the above are subject to the cause of general average being an insured peril.

General Average Sacrifice : The sacrifice of one of the interests in a marine venture made to preserve the other interests from a total loss.

General Average and Salvage Coverage, Marine Hull : This insurance covers the Vessel's proportion of salvage, salvage charges and/or general average, reduced in respect of any under-insurance, but in case of general average sacrifice of the Vessel the Assured may recover in respect of the whole loss without first enforcing their right of contribution from other parties. Adjustment to be according to the law and practice obtaining at the place where the adventure ends, as if the contract of affreightment contained no special terms upon the subject; but where the contract of affreightment so provides the adjustment shall be according to be York-Antwerp Rules. When the Vessel sails in ballast, not under charter, the provisions of the York-Antwerp Rules, 1974(excluding Rules XX and XXI) shall be applicable, and the voyage for this purpose shall be deemed to continue from the port or place of departure until the arrival of the Vessel at the first port or place thereafter other than a port or place of refuge or a port or place of call for bunkering only. If at any such intermediate port or place there is an abandonment of the adventure originally contemplated the voyage shall thereupon be deemed to be terminated. No claim under this Clause shall in any case be allowed where the loss was not incurred to avoid or in connection with the avoidance of a peril insured against.

G.R. Wt. / G.W. : Gross Weight

General Bond : A customs and excise bond covering all transaction during a specified period.

General Damages : Damages awarded to an injured person for intangible loss which cannot be measured directly by rupee. Popularly known as "pain and suffering". General

damages are distinguished from special damages which are awarded from actual economic loss, such as medical costs, loss of income, etc.

General Duty of Care : A general duty of care is owed to all legal neighbors, those so closely and Directly affected by an act or omission that they ought reasonably to be in contemplation at the time that the tort is committed.

General Expenses : The overhead expenses of an insurance company that have not been allocated to the account of any one class of the company's business.

General Export License : Any of various export licenses covering export commodities for which validated export licenses are not required. No formal application or written authorization is needed to ship exports under a general export license.

General Hazard : A feature tending to the inception or spread of fire found in most classes of risk, as opposed to a special hazard in a particular class.

General Insurance : Refer "Insurance, General Insurance."

General Insurance Corporation of India (GIC) – Now GIC Re : General Insurance Corporation of India (GIC) came into existence w.e.f. 1st January 1973 for the purpose of superintending, controlling and, if necessary, carrying on business of general Insurance. The Corporation is a holding Company having four subsidiary companies vlz., the National Insurance Co Ltd., the New India Assurance Company Ltd., the Oriental Insurance Company Ltd., and the United India Insurance Co Ltd.On 19th April 2000, when the Insurance Regulatory and Development Authority Act, 1999 (IRDAA) came into force. This Act also introduced amendment to GIBNA and the Insurance Act, 1938. An amendment to GIBNA removed the exclusive privilege of GIC and its subsidiaries carrying on general insurance in India. Consequently, in November 2000, GIC was re-notified as the Indian Reinsurer and through administrative instruction, its supervisory role over the four subsidiaries was ended. With the General Insurance Business (Nationalisation) Amendment Act 2002 (40 of 2002) coming into force from March 21, 2003; GIC ceased to be a holding company of its subsidiaries. The ownership of the four erstwhile subsidiary companies and also of the General Insurance Corporation of India was vested with Government of India. GIC Re is a wholly owned company of Government of India. As a sole reinsurer in the domestic reinsurance market, GIC Re provides reinsurance to the direct general insurance companies in the Indian market. GIC Re receives statutory cession of 5 % on each and every policy subject to certain limits. It leads many of domestic companies' treaty programmes and facultative placements.

General Insurance Council of India : Council of all non-life insurers functioning in India. The insurance industry has transformed considerably since the establishment of Insurance Regulatory and Development Authority. The Industry is poised for radical evolution in times to come due to changes in the overall economic environment, its bearing on the financial sector and related need for risk management. The General Insurance Council recognizes its role in the changing business environment by articulating a sustainably profitable and growing non-life insurance industry in India, an industry trusted and recognised as contributing to society and the economy, an economic and public policy climate conducive to a flourishing industry. As body (GI Council) recognised as providing active leadership and an authoritative collective voice for the non-life insurance industry in India. To provide leadership on issues having a bearing on the industry's collective strength and image and to shape and influence decisions made by the Government, regulator and other public authorities, within the country, in order to benefit the industry collectively.

General Liability Insurance Policy : Insurance designed to protect business owners and operations from a wide variety of liability exposures. Exposures could include liability arising from accidents resulting from the insured's premises or operations, products sold by the insured, operations competed by the insured, and contractual liability.

General Mortgage Bond : A written instrument representing an obligation secured by a mortgage but preceded by senior issues.

General Operating Expenses : The expenses of an insurer other than commission and taxes.

General Order : Government contract warehouse for the storage of cargoes left unclaimed for ten working days after availability. Unclaimed cargoes are auctioned publicly after one year.

General Partnership : A business enterprises owned and operated by two or more persons for the purpose of generating business income and profits.

General Property Form : This form commonly in use for coverage on the property of commercial risks from whatever perils are specified in the contract.

General Provisions : Those provision in addition to the regular insuring and benefit provisions and to the standard or uniform provisions, which define and limit the coverage. Also, called additional provisions.

General Writing Mutual : A mutual insurer not specializing in any class of risk.

Generally Accepted Accounting Principles (GAAP) : These principles have substantial authoritative support for use in the insurance business. They are intended to produce financial results consistent with those of other industries and to assure consistency in financial reporting.

Generic Drug, Health : A drug which is exactly the same as a brand name drug and which is allowed to be produced after the brand name drug's patent has expired. It is also called a "generic equivalent."

Gentleman's Agreement : An understanding, binding in honor only, that is not expressed in a formal document intended to have legal effect.

Geographical Limitation : "A contractual provision which is specifically names geographical areas outside of which the insurance is not effective.
GIC Re is also entrusted with the responsibility to manage and administer Pools for the Indian Market such as Indian Motor Third Party Declined Pol, Indian Terrorism Insurance Pool, Indian Marine Hull Insurance Pool, Natural Catastrophe Pool and Nuclear Risks Liability Pool etc. On 27.4.2016 Loss Prevention Association of India was amalgamated with GIC Re.

Gimmicks : Used critically to refer to certain clauses or coverage found in some policies. The inference is that the Policy holder is not obtaining the value or coverage that a more informed individual would by being aware of the limitations of the "gimmicks."

Give : The transferring to another, a yielding or bestowing. One of the important words in deeds of conveyance of real estate.

Glass Insurance : Popularly known as Plate Glass Insurance. The Policy covers loss or damage to the plate glass occasioned by breakage from almost any peril. However, Fire is usually excluded because it is covered under any basic property policy and

war is excluded. The maximum indemnity is value of the glass at the time of occurrence of loss or insured's estimate of value mentioned in the Policy, whichever is less. The word "breakage" will not include scratches, disfiguration, discoloration of damage other than fracture extending through the entire thickness of the glass.

Global Policy : A Policy providing the same level of protection in several different countries.

Goat Insurance : The scheme covers all indigenous, cross-bred and exotic goats. The Policy provides indemnity against death of goats due to accident including Fire and allied perils or diseases contracted or occurring during the Policy period.

Going Concern Basis : The accounting basis normally required for Companies Act accounts, which is based on the assumption that the insurer will continue to trade as normal for the long term future.

Gold Clause Agreement : An agreement between insurers, ship owners and merchants associations which relaxes certain limitations of carrier's liability for damage to goods contained in the Hague Rules, prescribing, inter alia, a higher limit per package than that provided in the gold clause of the Hague Rules and a longer period than that there allowed for the bringing of an action.

Gold Franc : A unit of value found in international conventions, consisting of 65.5 milligrams of pure gold.

Golfer's Insurance : Insurance of golf clubs with, often, the addition of personal accident benefits, third party liability, and a cash benefit to cover hospitality costs if the insured holes in one.

Good Faith : Lack of fraudulent acts or intentions. In general all contracts are subject to good faith. Compare with "Utmost good faith."

Good Samaritan Law : Statute of Common Law providing that one who sees a person in imminent peril because of another's negligence cannot be charged with contributory negligence when attempting a rescue, provided the attempt is not reckless or rash.

Goods : Goods mean goods in the nature of merchandise and does not include personal effects or provisions and stores for use on board.

Goods in Process Insurance : Type of business covering the goods while in process. Title is self-speaking.

Goods in Transit Insurance : A typical Insurance in one which cover all risks of loss or damage from time goods began to be loaded on to a vehicle until the time that unloaded at destination. On the other hand, as an alternative, to cover only specified perils such as damage by Fire, loss or damage by theft, or pilferage and of limited do damage by Fire, loss or damage by theft, or pilferage and limited to damage caused by collision or overturning of the vehicle. Policies may be extended to cover transshipment or storage at the end of a transit or at destination.

Goodwill : An intangible business asset. It refers to the value of a business which has been built up through the reputation of the business concern and its owners.

Government Bond : A surety for the appointed liquidators of bankrupt companies.

Grace Period : (i) A period of time, during which period a past due premium may be paid without a penalty. (ii) A period of time, usually 30 days following the premium due date during which a premium may be paid. The Policy remains in force throughout

this period. This type of grace period is given only in case of any guarantee given by the insured i.e., through his banker's and so forth.

Graded Commission : A reduced commission justified by the size of the premium.

Graded Expense : A reduced expense item for the insurance company justified by the size of the premiums.

Grades of Construction : A scheme of grading buildings for appraisal for fire insurance, issued by the Fire Offices' Committee and replacing the F.O.C.'s former standards of construction.

Graduated Lease : A lease which provided for a certain rent for the first period, allowed by either an increase or decrease in rents over the period of lease.

Gram Sahayaks : Certain insurers have introduced a new Micro insurance distribution channel, in the form of "Gram Sahayak" (Village Assistants) to reach out to customers and educate them on Micro Insurance in the rural markets of India.

Gramin Accident Insurance : Refer : "Personal Accident, Gramin Accident Insurance."

Grant : A term applied to all transfers of real estate.

Grantee : The buyer of real estate.

Grantor : One who transfers real estate. A person who conveys real estate by deed, the seller.

Gratuitous : Made without a consideration, such as a gift requiring nothing in return.

Green Card : International Motor Insurance Card. Evidence that a motorist driving outside his country has purchased the statutory minimum motor Insurance required by each of the named countries.

Grievance Procedure : A procedure which allows an insurer or a provider of benefits to express complaints and seek remedies.

Grievous Hurt : According to Sec, 320 of the Indian Penal code the following kinds of hurt are designated as 'grievous':

- Emasculation.
- Permanent privation of the sight of the eye.
- Permanent privation of the hearing of either ear.
- Privation of any member or joint.
- Destruction or permanent impairing of the powers of any member or joint.
- Permanent disfiguration of the head or face.
- Fracture or dislocation of bone or tooth.
- Any hurt which endangers life or which causes the sufferer to be during the space of twenty days in severe bodily pain or unable to follow his ordinary pursuits.

G.S.A. : General Sales Agent acting on behalf of an airline. Usually Broker or Forwarder.

Gross Claims Incurred : Claims incurred without deduction for payment of reinsurers.

Gross Earned Premiums : Premiums received by or due to an insurer, without deduction of the cost of any **Reinsurance,** but adjusted to take account of the difference between

the unexpired risk reserves at the beginning and end respectively of the period concerned.

Gross Earnings : Revenue from operating sources, before deduction of the expenses incurred in gaining such revenue.

Gross Earnings Form : Type of business interruption Insurance under which the amount of Insurance to be carried is based on the insured's gross earnings by a complex formula, which is essentially net revenue minus cost of goods sold or cost of services provided.

Gross Fund : A fund not liable to tax on income or capital gains.

Gross Leverage : The sum of net leverage and ceded reinsurance leverage. This ratio measures a company's gross exposure to pricing errors in its current book of business, to errors of estimating its liabilities and exposure to its reinsurers.

Gross Line : The total sum accepted by an insurer on an individual risk, including the amount to be reinsured.

Gross Negligence : Intentional failure to perform a duty, reckless disregard of the consequences as affecting the life or property of another.

Gross Net Premium : The full original premium less gross returns. If any, Gross net premium is computed by deducting return premiums from gross premiums, but not les Reinsurance premiums.

Gross Premium : (i) The original premium before any original discounts have been applied, Gross premium is a raw premium before subtracting cost for Reinsurance or at times before any return premium. (ii) Premium income without deduction for Reinsurance premiums.

Gross Proceeds : Means the actual price obtained at a sale where all charges on sale are paid by the seller.

Gross Profit : Net profit plus the insured's standing charges

Gross System : A system of preparing accounts without off settable items, specifically without allowing for the effects of reinsurance.

Gross Value : Gross value means the wholesale price of goods or merchandise or, if there be no such price, the estimated value with, in either case, freight, landing charges, and duty paid beforehand.

Gross Value of Cargo : Gross value has been defined in sub-section (4) of Section 71 of the marine Insurance Act as follows : "Gross value is the wholesale price or the estimated value arrived at taking into account payment of freight, landing charge and the duty. All these charges are payable whether the cargo is sound or damaged."

Gross Weight : Entire weight of goods, packing and container, ready for shipment.

Gross Written Premium : Premium received by or due to an insurer without deduction of the cost of any reinsurance or any adjustment for the fact that some of the income has to be reserved for unexpired risks.

Gross Yield : The interest or dividend on an investment without deduction of tax payable on it.

Grossing-up Factor : A factor used to adjust a base figure to an ultimate one. For example (01) The ratio between the ultimate cost and the accumulated payments at a prior development period, as used in statistical claims projection methods, such as the chain ladder method. (02) The scaling-up of claims experience to allow for the expectation of the occasional very large claim. This is used in experience rating of individual claims experience that has been stripped of any very large claims. It is also sometimes used in motor rating to make adequate allowance for large bodily injury liability claims, stripped out of a basic analysis.

Ground Coverage, Aviation : Insurance for specified perils applicable to the hull when a plane is not flying. Similar to collision and comprehensive coverage in an automobile policy. There are different forms of ground coverage : “Not in Flight” covers the plane on the ground only but includes taxing. “Not in Motion” covers the plane on the ground and not in motion.

Ground Risks : The risk of damage to an aircraft while stationary on the ground.

Group : Coverage of a number of individuals under one contract. The most common “group” is employees of the same employer.

Group Contract : A contract of insurance made with an employer or other entity that covers a group of persons identified by reference to their relationship to the entity buying the contract. The group contractual arrangement is generally used to cover employees of a common employer, members of a trade association of trusteeship, members of a welfare or employee benefit association, members of a labor union, or members of a professional or other association not formed only for the purpose of obtaining insurance.

Group Creditor Insurance : Contract issued to the creditor on the lives of his debtors to pay the amount the indebtedness in the vent of death. Legitimately used by banks to reduce problem of collection from a deceased estate.

Group Disability Insurance : Provides benefits for a groups of individuals, usually employees of the covered Company, to compensate for losses such as time lost because of accident, or sickness, hospitalization, medical or surgical expenses.

Group Health Insurance : Health Insurance provided for members of a group. It is most often issued to a group of employees but may be issued to any group provided it is not formed for the purpose of buying insurance. The cost is lower than for individual policies because administrative expenses per person are decreased, there are certain tax advantages and measures taken against adverse selection are effective. Certain benefits are tailor made and provided in Group Health Insurance Policies only.

Group Insurance : Insurance covering the members of a group such as the employees of a single employer. The benefits are not tailor - made to the needs of each member. If the group is acceptable to the Insurer, all members are covered. (02) Any insurance plan under which a number of persons and their dependents are insured under a single policy, issued to their employer or to an association with which they are affiliated, with individual certificates given to each insured person

Group Underwriting : The centralization of underwriting within a group of insurance companies, thus maximizing the group’s underwriting capacity.

Growth Bond : A form of guarantee bond providing capital growth on maturity.

Guadalajara Convention, 1961 : This Convention which was signed on 18th Sept., 1961 and became effective on 1st January, 1964 supplements the Warsaw Convention. The Convention provides that if an actual carrier performs the whole or part of carriage which is governed by the Warsaw Convention, then both the contracting carrier and the actual carrier shall be subject to "Carrier Contracting Aviation," : and "Carrier Actual, Aviation.,"

Guarantee : A written undertaking given by one party to another to answer for the fulfillment of the obligations of a third party. (ii) A facultative reinsurance.

Guarantee Fund (EU) : The greater of one-third of the SMSM and 400,000 ecu. The very minimum level of funding required by EC (and UK) legislation below which severe action will be taken by the Supervisory Authorities.

Guarantee Fund (US) : This is a US term that is applied in two different ways (01) In the context of mutual insurers it refers to the amounts policyholders may be called to pay in addition to their premiums if the insurer is unable to meet its claim liabilities. (02) A premium levy on all insurers within each US State to form a centrally run fund to pay the claims and other outstanding liabilities of insolvent companies.

Guaranteed Cost Premium : Insurance which does not vary with the insured loss experience. Such a premium is charged on a prospective basis, fixed or adjustable or on a specified rating basis.

Guarantor : One who gives a Guarantee.

Guatemala City Protocol, 1971 : Convention amended the Warsaw Convention and Hague Protocol in respect of passenger tickets and baggage checks and limit of liability. Refer :"Warsaw Convention.:" and "Hague Protocol."

Guide Slip : A broker's slip, covering a previously placed risk, which he uses as guide to the market for a similar risk he is placing.

Guiding Principles : Title of a published set of rules established and endorsed by major property and liability trade associations for adjustments of complex losses covered by several Insurers, particularly with respect to how losses should be apportioned under certain circumstances.

H

Hague Convention, 1970 : The increasing incidence of acts of unlawful seizure of aircraft led to a reconsideration of the problems at a diplomatic conference in 1970 at the Hague. The Convention provided the First legal definition of hijacking. The objects of the Hague Convention were (i) considering that unlawful acts of seizure or exercise of control of aircraft in flight jeopardize the safety of persons and property, seriously affect the operations of air services, and undermine the confidence of the people of the world in the safety of civil aviation : (ii) to consider that the occurrence of such acts is a matter of rave concern : (iii) to consider that , for the purpose of deterring such acts, there is an urgent need to provide appropriate measures for punishment of offenders. The contracting countries agreed to the provisions of the Convention in the with these objects.

Hague Protocol, 1955 : The Hague Protocol introduced many amendments to the Warsaw Convention mainly affecting (i) limits of liability in respect of the carriage of passengers, (ii) simplification of documents of carriage, (iii) liability towards servants and Agents and (iv) wording of the Warsaw Convention. The Hague Protocol came into force on 1st August, 1963.

Hague Visby Rules : A Set of Internationally agreed rules governing the rights and immunities of carriers of goods by sea.

Hail : Hailstorm : Precipitation in the form of ice granules that sometimes fall during thunderstorm; hailstorm and depending upon the size and quantity thereof can cause severe damage to people and property.

Hail Damage : Damage to person or property caused by hail.

Hail Insurance : Contract of Insurance covering property against damage caused by hall and hailstorms.

Halving Agreement : An agreement between two insurers to share equally the cost of claims made against one or both of them arising out of an occurrence, regardless of the liability of their respective insured.

Hamburg Rules : Proposed rules for the carriage of goods by sea which substantially eliminate ship owners' exemptions from liability for damage to cargo arising from e.g., fault in management, fault in navigation, or fire.

Hangar-keepers Legal Liability Insurance : Insurance which the owners of an airplane hangar buys to protect himself from liability for damage or injury to others arising out of the ownership, maintenance or use of the premises for an aircraft hangar.

Hard Premium rates : High, profitable premium rates.

Harmonized Code : An internationally accepted and uniform description system for classifying goods for customs statistical and other purposes.

Harmonized Systems : A key provision of trade bill that establishes International Uniformity for products classifications.

Hatch : The cover of or opening in the deck of a vessel through which cargo is loaded.

Hazard : (i) A condition which may create the probability of loss. (ii) A condition or activity which increases the probable frequency or severity of loss.

Hazard, Legal : An increase in the likelihood that a loss will occur because of statute, court actions, or administrative regulations. For example, a government agency rules that a particular product may cause cancer and should be removed from the marketplace. A firm that manufactures such a product could become the object of lawsuits arising out of the use of its product because of the new regulation.

Hazard, Moral : Hazard arising from personal characteristics, such as the habits, methods of management, financial standing, mental, condition, or lack of integrity of an insured who may intentionally cause, or hope for, a loss. For example, embezzlement or arson are moral hazards.

Hazard, Morale : A condition that causes persons to be less careful than they would otherwise be. Such as an employee smoking where prohibited, removing guards from machinery, not wearing safety equipment or leaving doors unlocked.

Hazard, Physical : Hazard arising from physical characteristics of animate inanimate objects. These include such things as a broken stair step, trash which has collected, weeds near a building, worn tires on a motor vehicle, the lack of a burglary alarm or inadequate fire protection equipment.

Head Office : The Head Offices of the General Insurance Companies are responsible for overall planning, superintending, Direction and control of Indian and foreign business. They also attend to investment, guarantees, Reinsurance and such other specialist functions. They have vast financial authority vis-a-vis Underwriting and settlement of claims.

Heading : The name and address of the Insurer at the top of a Policy form.

Health : As a noun Health is defined : "the state of being free from illness or injury.". World Health Organization has defined Health as "Health is a state of complete physical, mental and social well-being and not merely the absence of disease or infirmity."

Health Benefits Package : The coverage offered by a health plan to an individual or group.

Healthcare : Multitude of serviced rendered to individuals, families or communities by the agents of the health services or professions for the purpose of promoting, maintaining, monitoring or restoring health.

Health Care Cost Trend : Changes over time in a unit cost of providing health care benefits.

Health History : A form used by underwriters to assist in evaluating groups or individuals to determine whether they are acceptable risks.

Health Insurance: Health Insurance is a way to distribute the financial risk associated with the variation of individual's health care expenditures by pooling costs over time (Pre-payment) and over people (pooling). (OECD 2004). The health insurance insurers an individual from expenses incurred due to any variation in their health. It collects an upfront contribution from an individual (commonly known as premium) and pools it over many people.

Health Insurance defined: Section 2(f) of the IRDA Registration of Indian Insurance Companies Regulations 2000 defines health insurance business or health cover as "the effecting of contracts which provide sickness benefits to medical, surgical or hospital expenses benefits whether in-patient or out-patient, on an indemnity, reimbursement, service, prepaid, hospital or other plans basis, including assured benefits and long term care.

Health Insurance, Commercial (Health Insurance), India : The first standardized health insurance product for individuals and their families was first launched in the Indian Market by the then all the four nationalized non – life insurance companies in 1986. This products, known as Mediclaim was introduced to provide coverage for the hospitalization expenses upto a pre-defined annual limit of indemnity with certain exclusions such as maternity, pre-existing etc. It underwent several rounds of revisions the main being n 2007. However, with the evolving of the market today more than 300 health insurance products are available from all the insurers in India. The health insurance offered by insurance companies in India is commonly known as Private Health Insurance or Commercial Health Insurance. Basically provides coverage to an individual towards all or some of the health services defined under Health Insurance policy. The insurer will in turn take up all or most of the risk associated for paying all such health services as defined in the policy.

Health Insurance, Common Clauses : **24 Hours Hospitalization**: Expenses on hospitalization are generally admissible only if the same is for a minimum period of 24 hours. However, there is an exception for cases of specialized treatment which cannot be undertaken in a shorter time (less than 24 hours) due to technological advance called day care procedures. It usually includes hemodialysis, chemotherapy, eye surgery, D&C, angioplasty, hernia, hydrocele, surgery related to ENT etc. Note : Procedures / treatments usually done in outpatient department are not payable under the policy even if converted to day care surgery / procedure or as in patient in the hospital for more than 24 hours.

Health Insurance, Common Clauses : **Accident** : An accident is a sudden, unforeseen and involuntary event caused by external and visible means. (Insurers may define the term accidental injury in the context of the term "accident".

Health Insurance, Common Clauses : **Acute condition**- Acute condition is a disease, illness or injury that is likely to respond quickly to treatment which aims to return the person to his or her state of health immediately before suffering the disease/ illness/ injury which leads to full recovery.

Health Insurance, Common Clauses : **Alternative Treatments** : Alternative treatments are forms of treatment other than treatment "Allopathy" or "modern medicine" and includes Ayurveda, Unani, Sidha and Homeopathy in the Indian context.

Health Insurance, Common Clauses : **Any One Event** : Any one illness means continuous period of illness and it includes relapse within 456 days from the date of last consultation with the Hospital/Nursing Home where treatment may have been taken.

Health Insurance, Common Clauses : **Cashless Facility** : Cashless facility means a facility extended by the Insurer to the Insured where the payments of the costs of treatment undergone by the insured in accordance with the policy terms and conditions are directly made to the network provider by the insurer to the extent pre-authorization approved.

Health Insurance, Common Clauses : **Cashless Hospitalization Procedure** : Cashless is a facility offered to the health insurance customers through insurer's in house channels or through Third Party Administrators (TPA) who coordinates with the customer and the hospital to ensure that the admissible bills are not required to be

paid in the hospital by the customer and are directly settled by the TPA/Insurer in due course. Admission should be in a network hospital which is in the empanelment list of the Insurer/TPA and is subject to the pre-authorization being granted by Insurer/TPA. The TPAs will validate the incidence reported by the claimant and after satisfaction, will issue a pre-authorization letter to the hospital guaranteeing the payment. The TPA may not necessarily approve all the claims and may require more information or documents. Denial of cashless does not affect the admissibility of claims and the customers can submit the claim papers later to the insurer/TPA for reimbursement.

Health Insurance, Common Clauses : **Chronic condition**- A chronic condition is defined as a disease, illness, or injury that has one or more of the following characteristics:—it needs ongoing or long-term monitoring through consultations, examinations, check-ups, and / or tests—it needs ongoing or long-term control or relief of symptoms— it requires your rehabilitation or for you to be specially trained to cope with it—it continues indefinitely—it comes back or is likely to come back.

Health Insurance, Common Clauses : **Condition Precedent** : Condition precedent shall mean a policy term or condition upon which the insurer's liability under the policy is conditional upon.

Health Insurance, Common Clauses : **Congenital Anomaly:** Congenital Anomaly refers to a condition(s) which is present since birth, and which is abnormal with reference to form, structure or position.

- **External Congenital Anomaly:** which is in the visible and accessible parts of the body is called External Congenital Anomaly.
- **Internal Congenital Anomaly:** which is not in the visible and accessible parts of the body is called Internal Congenital Anomaly.

Health Insurance, Common Clauses : **Contribution** : Contribution is essentially the right of an insurer to call upon other insurers, liable to the same insured, to share the cost of an indemnity claim on a rateable proportion.

Health Insurance, Common Clauses : **Cumulative Bonus :** Cumulative Bonus shall means any increase in the sum insured / Mallus granted by the insurer without an associated increase in premium.

Health Insurance, Common Clauses : **Day Care Center :** Any Institution established for day care treatment of sickness and/or injuries or a medical set up within a hospital and which has been registered with the local authorities, wherever applicable, and is under the supervision of a registered and qualified medical practitioner and must comply with all minimum criteria as (i) has qualified nursing staff under its employment (ii) has qualified medical practitioner(s) in charge (iii) has a fully equip med operation theatre of its own where surgical procedures are carried out and (iv) maintains daily records of patients and will make these accessible to the insurance company's authorized personnel.

Health Insurance, Common Clauses : **Day Care Treatment :** Refers to medical treatment and/or surgical procedure which is (i) undertaken under General or local anesthesia in a hospital/day care in less than 24 hours because of technological advancement, and (ii) which would have otherwise required a hospitalization of more than 24 hours. Treatment normally taken on an out-patient basis is not included in the scope of this definition. Insurers may restrict coverage to a specified list.

Health Insurance, Common Clauses : **Deductible** : A deductible is a cost sharing requirement under a health insurance policy that provides that the insurer will not

be liable for a specified rupee amount of the covered expenses, which will apply before any benefits are payable by the insured. A deductible does not reduce the sum insured. Each policy to define whether the deductible is applicable per year, per life or whether per event and specific deductible limits would be applied.

Health Insurance, Common Clauses : **Dental Treatment** : Dental treatment is treatment carried out by a dental practitioner including examinations, fillings (where appropriate), crowns, extractions and surgery excluding any form of cosmetic surgery/implants.

Health Insurance, Common Clauses : **Dependent Child** : Refers to a child (naturally or legally adopted) who is financial dependent on the primary insured or proposer and does not have his/her independent sources of income. However, insurers are free to add additional criteria relating to age, marital status, education and disablement.

Health Insurance, Common Clauses : **Disclosure of Information Norm** : The policy shall be void and all premium paid hereon shall be forfeited to the Company in the event of misrepresentation, mis-description or non-disclosure of any material fact.

Health Insurance, Common Clauses : **Domiciliary hospitalization benefit** : means Medical treatment for a period exceeding three days for such illness/disease/injury which in the normal course would require care and treatment at a hospital / nursing home as in-patient but actually taken whilst confined at home in India under any of the following circumstances namely: (i) The condition of the patient is such that he/she cannot be removed to the Hospital/Nursing Home , OR (ii) The patient cannot be removed to Hospital/Nursing home on account of non-availability of room in a hospital.

Health Insurance, Common Clauses : **Emergency Care** : Emergency care means management for a severe illness or injury which results in symptoms which occur suddenly and unexpectedly, and requires immediate care by a medical practitioner to prevent death or serious long term impairment of the insured person's health.

Health Insurance, Common Clauses : **FREE LOOK PERIOD: All Health Insurance products have a** free look period. The free look period shall be applicable at the inception of the policy and: (i) The insured will be allowed a period of at least 15 days from the date of receipt of the policy to review the terms and conditions of the policy and to return the same if not acceptable (ii) If the insured has not made any claim during the free look period, the insured shall be entitled to (ii-a) A refund of the premium paid less any expenses incurred by the insurer on medical examination of the insured persons and the stamp duty charges or; (ii-b) where the risk has already commenced and the option of return of the policy is exercised by the policyholder, a deduction towards the proportionate risk premium for period on cover or; (ii-c) Where only a part of the risk has commenced, such proportionate risk premium commensurate with the risk covered during such period.

Health Insurance, Common Clauses : **Grace Period** : Grace period means the specified period of time immediately following the premium due date during which a payment can be made to renew or continue a policy in force without loss of continuity benefits such as waiting period and coverage of pre-existing diseases. Coverage is not available for the period for which no premium is received.

Health Insurance, Common Clauses : **Hospital, Nursing Home Definition :**A hospital/Nursing home means any institution established for in- patient care and day care treatment of sickness and / or injuries and which has been registered as a hospital with the local authorities under the Clinical Establishments (Registration and Regulation) Act, 2010 or under the enactments specified under the Schedule of

Section 56(1) of the said Act OR complies with all minimum criteria as under: (a) has at least 10 inpatient beds, in those towns having a population of less than 10,00,000 and 15 inpatient beds in all other places; (b) has qualified nursing staff under its employment round the clock; (c) has qualified medical practitioner (s) in charge round the clock; (d) has a fully equipped operation theatre of its own where surgical procedures are carried out (e) maintains daily records of patients and will make these accessible to the Insurance company's authorized personnel. Note: In case of Ayurvedic / Homeopathic / Unani treatment, Hospitalization expenses are admissible only when the treatment is taken as in-patient, in a Government Hospital / Medical College Hospital.

Health Insurance, Common Clauses : **Hospitalization** : Means admission in a Hospital for a minimum period of 24 in patient care consecutive hours except for specified procedures / treatments where such admission could be for a period of less than 24 consecutive hours.

Health Insurance, Common Clauses : **I-Cards** : To avail the benefit of cashless facility, insurers shall issue an identification card to the insured within 15 days from the date of issue of a policy, either through a TPA or directly. The identification card shall, at the minimum, carry details of the policyholder and the logo of the insurer. The validity of the card shall coincide with the term of the policy and may be renewed from time to time. Insurers may issue a Smart Card instead of an Identify Card.

Health Insurance, Common Clauses : **ILLNESS:**Illness means a sickness or a disease or pathological condition leading to the impairment of normal physiological function which manifests itself during the Policy Period and requires medical treatment.

Health Insurance, Common Clauses : **Injury:**Injury means accidental physical bodily harm excluding illness or disease solely and directly caused by external, violent and visible and evident means which is verified and certified by a Medical Practitioner.

Health Insurance, Common Clauses : **Inpatient Care** : Inpatient care means treatment for which the insured person has to stay in a hospital for more than 24 hours for a covered event.

Health Insurance, Common Clauses : **Intensive Care Unit** : (ICU) : Means an identified section ward or wing of a hospital which is under the constant supervision of a dedicated medical practitioner(s) and which is specially equipped for the continuous monitoring and treatment of patients who are in a critical condition, or require life support facilities and where the level of care and supervision is considerably more sophisticated and intensive than in the ordinary and other wards.

Health Insurance, Common Clauses : **Maternity Expenses** : Maternity expenses/treatment shall include the following Medical treatment expenses :

1. Medical Expenses for a delivery (including complicated deliveries and caesarean sections) incurred during Hospitalization.
2. The lawful medical termination of pregnancy during the Policy period limited to 2 deliveries or terminations or either during the lifetime of the Insured person.
3. Pre-Natal and post-natal Medical expenses for delivery or termination.

Health Insurance, Common Clauses : **Medical Advice** : Any consultation or advice from a Medical Practitioner including the issue of any prescription or repeat prescription.

Health Insurance, Common Clauses : **Medical Expenses** : Medical Expenses means those expense that an insured person has necessarily and actually incurred for medical treatment on account of Illness or Accident on the advice of a Medical Practitioner, as

long as these are no more than would have been payable if the Insured Person had not been insured and no more than other hospitals or doctors in the same locality would have charged for the same medical treatment.

Health Insurance, Common Clauses : **Medical Practitioner:** A Medical practitioner is a person who holds a valid registration from the Medical Council of any state of India or Council for Indian Medicine or for Homeopathy set up by the government of India or a State Government and is thereby entitled to practice medicine within its jurisdiction; and is acting within the scope and jurisdiction of his license.

Health Insurance, Common Clauses : **Medically Necessary:** Medically necessary treatment is defined as any treatment, tests, medication or stay in hospital or part of a stay in hospital which (a) is required for the medical management of the illness or injury suffered by the insured (b) must not exceed the level of care necessary to provide safe, adequate and appropriate medical care in scope, duration or intensity (c) must have been prescribed by a medical practitioner. (d) Must conform to the professional standards widely accepted in international medical practice or by the medical community in India.

Health Insurance, Common Clauses : **Network Provider** : "Network provider" means hospitals or health care providers enlisted by an insurer or by a TPA and insurer together to provide medical services to an insured on payment by a cashless facility.

Health Insurance, Common Clauses : **New Born Baby** : Means those babies born to the Insured person during the Policy Period aged between 1 day and 90 days.

Health Insurance, Common Clauses : **Non-Network** : Any hospital, day care centre or other provider that is not part of the network.

Health Insurance, Common Clauses : **Notification of Claim** : Notification of claim is the process of notifying a claim to the Insurer or TPA by specifying the timeline as well as the address/telephone number to which it should be notified.

Health Insurance, Common Clauses : **OPD Treatment** : OPD treatment is one in which the insured visits a clinic/hospital or associated facility like a consultation room for diagnosis and treatment based on the advice of a Medical Practitioner. The insured is not admitted as a day care or in patient.

Health Insurance, Common Clauses : **Portability** : Portability means the right accorded to an individual health insurance policy holder (including family cover) to transfer the credit gained by the insured for pre-existing conditions and time bound exclusions if the policyholder chooses to switch from one insurer to another insurer or from one plan to another plan of the same insurer, provided the previous policy has been maintained without any break.

Health Insurance, Common Clauses : **Post-Hospitalization :** Medical Expenses incurred for a period up to 60 days from the date of discharge from the hospital, provided that:

1. Such Medical Expenses are incurred for the same condition for which the Insured Person's Hospitalization was required, and
2. The In-patient Hospitalization claim for such Hospitalization is admissible by the Insurance Company.

Health Insurance, Common Clauses : **Pre-acceptance Health Checkup:** Any person beyond 45 years of age desiring to take insurance cover has to submit following medical reports from authorized Network Diagnostic Centre or any other medical reports required by the company in case of fresh proposal and renewal where there is

a break in policy period. The cost shall be borne by the insured. In case of fresh proposals, 50% cost of Medical Checkup shall be reimbursed by the Company after acceptance.

Health Insurance, Common Clauses : **Pre-existing diseases**: Any condition, ailment or injury or related condition for which the insured person had signs or symptoms, and/or were diagnosed and/or received medical advice / treatment within 48 months to prior to the first policy issued by the insured.

Health Insurance, Common Clauses : **Pre-Hospitalization:** Medical Expenses incurred during the period up to 30 days prior to the date of admission, provided that:

1. Such Medical Expenses are incurred for the same condition for which the Insured Person's Hospitalization was required, and
2. The In-patient Hospitalization claim for such Hospitalization is admissible by the Insurance Company.

Health Insurance, Common Clauses : **Qualified Nurse:** Qualified nurse is a person who holds a valid registration from the Nursing Council of India or the Nursing Council of any state in India.

Health Insurance, Common Clauses : **Reasonable Charges :** Reasonable charges means the charges for services or supplies, which are the standard charges for the specific provider and consistent with the prevailing charges in the geographical area for identical or similar services, taking into account the nature of the illness/injury involved.

Health Insurance, Common Clauses : **Renewal :** Renewal defines the terms on which the contract of insurance can be renewed on mutual consent with a provision of grace period for treating the renewal continuous for the purpose of all waiting periods.

Health Insurance, Common Clauses : **Room Rent** : Room rent shall mean the amount charged by a hospital for occupying of a bed and associated medical expenses.

Health Insurance, Common Clauses : **Subrogation :** Subrogation shall mean the right of an insurer to assume the rights of the insured person to recover expenses paid out under the policy that may be recovered from any other source.

Health Insurance, Common Clauses : **Surgical Operation**: Surgery or Surgical Procedure means manual and / or operative procedure (s) required for treatment of an illness or injury, correction of deformities and defects, diagnosis and cure of diseases, relief of suffering or prolongation of life, performed in a hospital or day care centre by a medical practitioner.

Health Insurance, Common Clauses : **Third Party Administrator (TPA):** means any Company who has obtained licence from IRDA to practice as a third party administrator and is appointed by the Company.

Health Insurance, Common Clauses : **Unproven / Experimental Treatment**: Unproven/Experimental treatment is treatment including drug experimental therapy which is based on established medical practice in India, is treatment experimental or unproven.

Health Insurance, Common Clauses : **Waiting Period** : The initial period within which any claims made will not be entertained. Normally, all the new policies come with a minimum 30 days waiting period wherein the insured person cannot make a claim

for the disease contracted during the first 30 days. This is to avoid someone taking a policy in order to get a hospitalization claim immediately after purchase of the policy. The waiting period does not usually apply to accidental injuries, or to renewals of policies. Specific waiting periods: 12, 24 or 48 months for named diseases. After 48 months all diseases are covered.

Health Insurance, Disease Management Covers : For patients already suffering from chronic diseases like diabetes new products based on disease management platform are now available. Products include coverage for some medicines and regular laboratory tests on OPD basis in addition to othr coverage in the product. However, this category of products is still in its early stages in India.

Health Insurance, Forum, 2012 : A Forum constituted by IRDA for an effective dialogue between service providers (Hospitals) the insurance companies, Third Party Administrators and the consumers in general to enable the evolution of a regulatory structure which would better meet the needs of Heal Insurance Sector in India.

Health Insurance, New Types of Coverage or Add – on options : : In addition to usual hospitalization for a specified minimum number of hours the insurers are also coming up with variety of new coverage of items such as transplantation, hospitalization expenses of organ donor, cost of artificial limbs, cost of pacemakers, cost of hemodialysis, ambulance charge, pre and post hospitalization, periodic health checkup, cost of surgeries done under day care, maternity, waiver of conditions relating to minimum number of beds etc.

Health Insurance, Bhavishya Arogya Policy : This was a deferred Mediclaim Policy introduced on 1.12.1990 to cater to the medical care of retired persons. The policy reimburses medical, surgical expenses following illness/ accidental injury incurred by the insured person during his "retirement" age a defined in the Policy. The Policy could be taken at any age from 25 years onwards up to 55 years. Retirement age to be selected by insured at the time of taking the policy to be between 55 and 60 years. The amount of maximum total benefit available under the basic policy was Rs. 50,000 during lifetime of the insured commencing from the policy retirement age and shall not exceed Rs. 20,000 per any one illness or injury. Policy similar to Mediclaim with deletion of 30 days waiting period, 1st year exclusion, pre-existing diseases, circumcision, pregnancy and cost of health checkup. It is no longer in use in the market.

Health Insurance, Cancer Medical Expenses Policy (Cancer Patients Aid Association) : Policy available to healthy individuals who has to undergo various pre-health-check-ups. Policy designed in collaboration with New India Assurance Co, subject to 30 days waiting period, and a reimbursement policy. Policy also covers a free annual checkup at CPAA facilities. Corporate Policy is also available.

Health Insurance, Cancer Medical Expenses Policy (Indian Cancer Society) : Cover through New India Assurance Co to the members of the Indian Cancer Society for anybody who may be stricken by this malignant disease. Cover is available only to members provided at the time of seeking the membership the person concerned should not be a cancer patient or a potential cancer case. The policy coverage is Rs. 50,000/- + 5% cumulative bonus for each claim free year. Additional sum insured up to Rs. 75,000 for every clai free renewal an amount normally incurred by an individual or his family to fight cancer. Policy covers both the member and spouse; however, if one is caught with the cancer the other will not be available for any benefits. Corporate membership is also available. Policy on payment of additional premium can be extended to cover two dependent children with indemnity limit of Rs. 50,000 each child and claim by one insured child does not affect liability under the policy in respect of another child.

Health Insurance, Co-Payment : A co-payment is a cost-sharing requirement under a health insurance policy that provides that the Policyholder/insured will bear a specified percentage of the admissible costs. A co-payment does not reduce the sum insured.

Health Insurance, Critical Illness / Dreaded Diseases Policies : Policy provides a lump sum amount to the insured on the diagnosis of a specific critical illness or on undergoing of certain procedures. It does not cover the actual cost of treatment but pays only the lump sum amount agreed irrespective of whether that amount had been incurred or not. Policy is available as a stand-alone product or as riders to life and non-life policies or as a component of a packaged health insurance product. They provide for high sum insured limits ranging up to several million rupees of lump sum payouts. Some of these policies have a disease specific variant, for example, the Cancer Insurance Policy provides protection only in the case of Cancer and not for other critical illnesses. These policies are priced attractively for a high amount of coverage and are on indemnity basis and not as a lump sum payout. Some of the critical illness indemnity products reimburse certain costs due to critical illnesses rather than providing a lump sum payout and are therefore priced lower than other such products.

Health Insurance, Daily Hospital Cash Benefits : Product is available in the form of a fixed daily allowance which could be used to cover the unexpected and incidental costs associated with hospitalization (such as travel and stay costs of an attendant). It provides the insured with a daily cash benefit ranging from Rs. 500 to Rs. 2000 for each 24 hours spent in the hospital, which can be availed as per the specific needs of the insured. Available on standalone basis and also as an optional component of some packaged health insurance policies.

Health Insurance, Destination India Policy : Policy more or less similar to Overseas Mediclaim Policy but covers Overseas Travellers during their visit to India.

Health Insurance, Family Floater Cover : The sum insured chosen is floated on one or the entire family : Means Person(s) named on the schedule of the policy which includes family comprising of the proposer, his /her legally wedded spouse, dependent unemployed children between 3 (three months) to the age of 25 years, unmarried daughters including divorcee, and widowed daughters and dependent Parents or parents-in-law (either of them only). The minimum number of persons to be covered under the policy shall be the proposer plus one family member.

Health Insurance, Health Care Provider : In health in addition to the insurer and the insured there is also the healthcare provider. It plays a major role in the health insurance as it is the one who decides and provides (a) the type of health services to be used by an individual i.e., insured; (b) how much of services are used and (c) how much is the cost of those services.

Health Insurance, Hope – Senior Citizen Specified Diseases Insurance Policy : Exclusively designed for Citizens aged 60 years and above, Policy is available for Sum Insured 1 lac, 2 lac, 3 lac, 4 lac and 5 lacs, Covers specified diseases such as accidental injury, knee replacement, cardio vascular, chronic renal failure, cancer, stroke, prostrate, orthopedic, ophthalmic diseases only further subject to maximum liability per disease as specified further subject to Compulsory co-payment of 20% on admissible claim amount, Benefit of continuity extended if already insured with any mediclaim policy of the Company, TPA service available, Cashless Service through TPA only and limited to Rs. 1 lakh.

Health Insurance, Hospitalization Indemnity Products : These products protect the individual from the expenditure they may need to incur in the event of hospitalization. In most of the cases, it also covers a specific number of days before and after hospitalization, but excludes any expenses not involving hospitalization. Cover is on an indemnity basis i.e., by making good part or all of the losses incurred or amount spent during hospitalization. It covers the hospitalization expenses for an individual up to the sum insured.

Health Insurance, Hospitalization Indemnity Products, Cost Sharing Mechanisms : Many products differ according to the various cost sharing mechanisms used by the like sub-limits on room and ICU charges, sub-limits on payments made for specific surgeries like cataract or hysterectomy, co-payment for using non-network hospitals or even for network hospitals etc. These techniques are also being provided in insurance policies as mechanisms to contain costs for the insurer and to provide for higher spending being shared by the insured.

Health Insurance, Hospitalization Indemnity Products, High-deductible Hospital Indemnity Cover : The persons who are either covered by their employers or are already holding a hospitalization policy but with low sum insured have a new option – to opt for a high deductible cover for individuals and families. These are top-up covers which provide coverage beyond the deductible amount chosen at the proposal stage. Deductible ranges from Rs.1 lac to Rs.5 lacs and the coverage of this product starts only after the out-of-pocket expenses or any existing insurance cover has reached this selected deductible amount. Higher the deductible lower the premium.

Health Insurance, International Travel Coverage Products : A short term option available for protection against health contingencies occurring during international travel are the Overseas Medical Insurance Plans. Plans are mostly packaged as Overseas Travel Plans by including other components like loss of baggage and cover for flight cancellation etc. Indeed, some countries insist on having a valid medical insurance as part of the visa documentation. Recently, some insurers have designed comprehensive international products which cover international medical costs as well as those within the country, and are a form of global health cover and not just for short term travel.

Health Insurance, Investment Products and Health Savings Accounts : Products like Bhavishya Arogya which can be bought in younger ages to build up health protection for older age. Life Insurers have recently launched products with Health savings components. Under such plans a portion of the premium collected is used for risk coverage or for meeting claims and the unutilized portion of the premium which is not used does not lapse but is accumulated as savings. These savings could be a solution for the challenges faced by senior citizens later in obtaining affordable health insurance. Health Saving accounts are usually combined with a high-deductible or catastrophic health insurance.

Health Insurance, Medical Underwriting : Medical underwriting is a process which is used by the insurance companies to determine the health status of an individual applying for health insurance policy. This health information collected is then evaluated by the insurers to determine whether to offer coverage, up to what limit and on what conditions and exclusions. Thus, medical underwriting can determine the acceptance of declining of a risk and also the terms of cover.

Health Insurance, Micro Insurance Products : Micro insurance products are specifically designed to aim for the protection of low income people from rural and informal sectors. The low income people form a sizable part of our population and usually don't have any health security cover. Therefore, this low value product with an affordable premium and benefit package is initiated to help these people to cope with

and recover from common risks. Products come with a small premium and typically the sum insured too is below Rs.30,000 as required vide IRDA micro insurance regulations, 2005. Mostly such covers are taken on a group basis by various community organizations or non-governmental organizations (NGOs) for their members.

Health Insurance, Outpatient Coverage : Usually the Hospitalization indemnity products provide for reimbursement of expenses on hospitalization for minimum 24 hours. Now the Outpatient coverage is included in some form as part of the health insurance products through the efforts are still in the early stages.

Health Insurance, Overseas Mediclaim Insurance Policy/ies : The policy is meant to provide payment of medical expenses in respect of illness suffered or accident sustained by the Indian Residents during their bonafide trips abroad for business and official purposes or holiday purpose. The accompanying spouse and children of the person who is going abroad will be treated as going under holiday travel. Foreign nationals working in India for Indian employers of multinational organization getting their salary in Indian Rupees, covering their official visits abroad provided they are undertaken on behalf of their employers. Policies are usually available for children above 6 months and adults up to 70 years. Cover beyond 70 years is permissible with loading of premium and/or restrictions of coverage at the discretion of insurer.

Various Plans are available with different sum insureds under head Medical Expenses and Repatriation. Other benefits are more or less the same or slightly different. Policies may differ from Insurer to Insurer and for Insured Persons based on nature of travel and age-profile., such as Worldwide excluding USA/Canada or Worldwide including USA/Canada. A cheaper Plan is available for visiting Asian Countries excluding Japan. Plans are further divided into Business and Pleasure and Employment and Studies. Plans are available for Corporate Frequent Travellers and on Premium Deposit and Adjustment Basis subject to Declarations.

The Plans usually cover Medical expenses and repatriation, personal accident, Loss of Checked Baggage, Delay of Checked baggage over 12 hours for outbound flights only, Reimbursement of actual expenses for obtaining a duplicate or fresh Passport in case of loss of Passport, Personal Liability, Highjack Distress Allowance and Hospital Daily Cash allowance and Trip Delay Allowance.

Employment and Study Plans usually cover Medical expenses, Repatriation and alternative expenses – in case of death of insured person the actual expenses for preparation and transportation to India or funeral expenses incurred in the country of posting. In addition, Contingency Insurance is also applicable to sponsored students recompense benefits are paid to the sponsoring Institute in case of inability of student to complete his studies due to sickness, permanent total disablement or death.

BUSINESS & HOLIDAY (B & H PLANS) (5 PLANS A-1, A-2, B-1, B-2 & K)	EMPLOYMENT & STUDIES (E &S PLANS) (3 PLANS C, D & D-1)	CORPORATE FREQUENT TRAVELLERS (CFT PLANS) (2 PLANS E-1, E-2)

Health Insurance Regulations 2013 : In February 2013 IRDA passed comprehensive Regulations governing Health Business in India which as far as customer is concerned, include (a) Renewal of Policies (b) Free look period (c) Cost of pre-insurance health checkup (d) Cumulative bonus € Option to migrate (f) Disclosures and declaration (g) Standard definitions and nomenclature (h) Standard excluded items (i) Provisions relating to senior citizens (j) Upper limit and maximum cover (k)

Settlement/rejection of claims (l) Administration of health policies (m) Payment of claim and (n) Portability of cover etc.

Health Insurance Services : The benefits covered under a health contract.

Health Insurance, Portability: Insurance Regulatory and Development Authority (IRDA) have implemented portability of health insurance policies amongst non-life insurance companies w.e.f. 1.10.2011. The health insurance policy holder by virtue of the said guidelines can, at the time of renewal, switch:- i) from one insurance company to another insurance company of his choice; or ii) from one insurance plan to another insurance plan with the same insurance company. By the process, the policy holder will not lose the credits gained in terms of waiting periods for pre-existing conditions, time-bound exclusions, etc. The Health Insurance Policy Holder can at the time of Renewal of his/her policies can shift to another Insurance Company for a similar product, if he is not satisfied with the present Insurance Company for any reason, without losing the Credits gained, if renewed with the existing company. This was not the case earlier; because change in insurance company or plans amounted to loss of these credits and the policies started as new, carrying all time limitations afresh. Thus "Portability" helps to have a level playing field for all insurance companies and the Customer can choose and compare benefits across products and Companies.

Health Insurance, Rashtriya Swasthiya Bima Yojana (RSBY) : RSBY was launched by the Government in 2007 as a measure of social security to the unorganized workers belonging to below poverty line category in the form of healthcare benefits. Subsequently more categories of people such as NREGES, building and construction workers, domestic workers, beedi workers etc The Scheme provides health insurance cover of Rs. 30000 per annum to a family of five, only hospitalization benefit is covered which can be availed as cashless treatment at empanelled hospitals – both public and private. Premium to be borne by the Central and state Governments in the proportion of 3:1. Central Government to contribute a maximum amount of Rs. 565 per family. Contribution by the State Governments : 25% of the annual premium and any additional premium beyond Rs.750/-. Administrative cost to be borne by State Government. The beneficiary family does not pay any charges except Rs. 30 as registration fee at the time of enrolment into the Scheme.

Health Insurance, Specific Exclusions : Some of the specific exclusions are war/invasion, venereal diseases and HIV/AIDS, fertility or assisted conception, cosmetic or aesthetic procedures, intentional self-injury, influence of intoxicating drugs or alcohol, adventure sports, personal comfort, convenience items.

Health Insurance, Sr. Citizens' Products : These products allow entry till a higher age (even up to 80 years in some products) and a continued renewal till ages as high as 80 or 90 years. These products incorporate cost-sharing features like co-payments and sub-limits.

Health Insurance, Tertiary healthcare : Tertiary Health care is specialized consultative healthcare care, usually for inpatients and on referral from primary or secondary care providers. Tertiary Health care providers are ones who have the advanced medical facilities and professionals such as Oncology (Cancer Treatment), Organ Transplant facilities, High Risk Pregnancy Specialists etc.

Health Insurance, Third Party Administrators : As per IRDA regulations "Third Party Administrators or TPA means any person who is licensed under the IRDA (Third Party Administrators – Health Services) Regulations, 2001 by the Authority, and is engaged, for a fee or remuneration by an insurance company, for the purposes of providing health services. Minimum paid up share capital Rs. 1 crore. Consistent working capital of Rs. 1 crore at all times. TPA Business as its primary objective – on being licensed, it cannot carry on any other business. One the directors should be a qualified medical professional registered with Medical Council of India. A maximum foreign capital holding of 26%. The TPA Company must have a CAO/CEO who is a graduate with Associate ship of Insurance Institute of India and complete a practical training authorized by IRDA.

Health Insurance, Universal Health Insurance Scheme (UHIS) : Universal Health Insurance Scheme is basically meant for improving the access of health care to poor families. The scheme provides for reimbursement of medical expenses up to Rs. 30,000/- towards hospitalization floated amongst the entire family, death cover due to an accident @ Rs. 25,000/- to the earning head of the family and compensation due to loss of earning of the earning member @ Rs. 50/- per day up to maximum of 15 days. The Universal Health Insurance Scheme (UHIS) has been redesigned targeting only the BPL families. The premium subsidy has been enhanced from Rs. 100 to Rs. 200 for an individual, Rs. 300 for a family of five and Rs. 400 for a family of seven, without any reduction in benefits.

Health Maintenance Organization (HMO) : Prepaid group health insurance plan that entitled members to services of participating physicians, hospitals and clinics. Emphasis is on preventative medicine, and members must use contracted health-care providers.

Hearsay : Testimony based on what someone else has said or told a witness.

Heat : Energy that is associated with, and proportional to, molecular motion and that can be transferred from one body to another by radiation, conduction and convection.

Heat of Combustion : The amount of heat released during a substance's complete oxidation (Combustion).

Heave : Horizontal displacement upwards, as distance from subsidence.

Heaving : Vertical motion of a ship on high seas.

Heavy Lifts : Freight too heavy to be handled by regular ship's tackle**.**

Hedging : A kind of Insurance by which risk of a trader is shifted on another trader, similar to speculation and may be used to handle risks not subject to insurance, such as price-change risks.

Held Covered : (i) A risk s said to be held covered when an insurer agrees to insure it temporarily pending completion of insurance arrangements. (ii) A marine insurance policy may provide that some contingency which may or may not arise shall be held covered if it does arise, subject to notice and payment of an additional premium.

Hereditaments : Any type of property which may be inheritable, including such things as real and personal property, as well as corporation and in corporal property.

Hidden Reserve : Under English Law Insurance companies are allowed to hold reserves that do not appear in their published accounts which may, for example, show their investments at less than their true value.

High Pressure Selling : The action of encouraging the buyer to purchase Insurance without full consideration of needs for Insurance and his liability to payments for the Insurance.

Highly Protected Risk (HPR) : Premises or other property that meets a particular Insurer's loss control standards required to earn low premium rates. These properties usually are protected by sprinklers and have better than average construction and occupancy characteristics.

Highway Research Board of India : In October 1973 the Highway Research Board (HRB) was set up under the Indian Road Congress for giving undivided attention to research and development activities.

Hijacking : Any unlawful seizure or wrongful exercise of control of the aircraft or crew in flight by any person or persons on board the aircraft.

Hire or reward : In an English case decided by the learned judge DU PARCO hire or reward is explained as under : "It appears to me that a distinction falls to be drawn between the word 'hire' and he word 'reward'. The first word necessarily imports an obligation to pay. The inclusion of the second words in not in my opinion merely for the purpose of giving an alternative word to hire, which means the same thing, but for the purpose of bringing a subject matter which does not include hire and including (I do not say it is confined to that) cases where here is no obligation to pay."

Hire Purchase Guarantee : The cover is in respect of articles sold by financing institutions on hire-purchase basis and the Insurance is against default by hires. The Insurer undertakes to indemnity the insured against a certain percentage of such net pecuniary loss as the insured may sustain by reason of the hirer and his guarantor failing to pay a part or whole of the amount due by the hirer to the insured under a hire-purchase agreement. Net pecuniary loss is to be regarded as the difference between the value of the article as mentioned in the relative hire-purchase agreement and the aggregate of any deposit and installments paid by the hirer and/or by the guarantor and the net sale proceeds of the article.

Hired Car : An automobile whose exclusive use and control has been temporarily given to another for a consideration.

Hit and Run Accident, Motor : Hit and run accident is “an accident arising out of the use of a motor vehicle or motor vehicles the identify whereof cannot be ascertained in spite of reasonable efforts for the purpose. The Central Government has established a fund known as the “Solatium Fund” to be utilized for paying compensation in respect of death or grievous hurt to persons resulting from Hit and Run Motor Accidents. The compensation payable for death claims is fixed at Rs/25,000 and in respect of “grievous hurt” Rs. 12,500/-. The payment is subject to the proviso that if any compensation is awarded for such death or grievous hurt under any other provisions of the Motor Vehicles Act or any othr law the amount paid under Hit and Run Accident has to be deducted from such compensation.

Hoardings Insurance : This Insurance provides cover in respect of loss or damage to the hoarding installation by (a) accidental external means, or (b) Fire lightning, external explosion or theft. Act of God perils and legal liability towards third parties may also be covered on payment of additional premium.

Hold Harmless Agreement : A contractual assumption by one party of the liability exposure of another. Lease agreements, for example, commonly require the tenant to

hold the landlord harmless for bodily injury to property damage experienced by others on the premises.

Hold Up : A form of robbery.

Hold Up Cover : Cover for theft accompanies by violence or the threat of it.

Home Health Agency : A certified facility approved by a health plan to provide services under contract.

Home Health Care : Care received at home as part time skilled nursing care, speech therapy, physical or occupational therapy, part-time services of home health aides or help from homemakers or chore-workers.

Home Health Services : Health care services provided by a licensed home health agency in the patient's home.

Home Office : Generally the corporate headquarters of insurers and the location where the chief officers of the organization are housed. Refer : "Head Office." The term used in USA is Home Office instead of Head Office.

Home Trade Ship : Refer : "Full-Reporting Clause."

Homeowner's Policy : The forms within a multiple-line property insurance contract that offer comprehensive package of protection to the homeowner, include fire and other named-perils coverage on property, health, personal accident, liability, workmen's compensation, machinery breakdown, electronic all risks and burglary and theft under one insurance.

Honesty Clause : Refer : "Full-Reporting Clause."

Honey Bee Insurance : The Policy covers beehives and/or colonies belonging to co-operative societies or individual and protects them against accidental loss or damage. Theft risk is covered on payment of additional premium. The main exclusions are loss of production, intentional destruction, theft and clandestine sale, malicious or willful act or neglect or improper management, nuclear and war perils.

Honor Contracts : Policy proof of interest admitted.

Honor Policy : A policy that has no legal effect and is binding in honor only.

Honorable Undertaking : Refer : "Reinsurance, Honorable Undertaking."

Horse / Mule / Pony / Donkey / Yak Insurance : Policy covers indigenous, cross bred and exotic drought and half drought horses, mares, ponies, donkeys, mules and yaks used for carrying weight, cart work, marriage purposes drawing sulkies coaches, vans and utilized for farm work. Horse Insurance (Blood Stock) is not covered. Age group of the animal is 2 to 8 years and coverage and exclusions are as per Cattle insurance.

Horse Insurance (Blood Stock Insurance) : The cover is in respect of death of race horses either from accident or disease, including the destruction of the animal on humanitarian grounds arising from an accident or disease. The Policy may also be extended to cover death by Fire, lightning, breeding, transit risks etc.

Horticulture Insurance : The crops covered are (i) grape (ii) citrus fruits (oranges, lime and sweet lime), (iii) chikoo (sappotta), (iv) pomegranate (v) banana. The subject matter of

Insurance would be fruits in horticultural crops and the perils covered would be Fire, lightning, storm, hailstorm, cyclone, typhoon, tempest, hurricane etc., flood, inundation, riot, strike, terrorism.

Hospice : An organization which is primarily designed to provide pain relief, symptom management and supportive services for the terminally ill and their families.

Hospital and Medical Expenses Insurance : Refer "Health Insurance"

Hospital Cash Insurance : Refer "Health Insurance".

Hospital Charges : Refer "Health Insurance".

Hospital Expenses Insurance : Refer "Health Insurance".

Hospital Income Insurance : Refer "Health Insurance".

Hostile Fire : A fire that occurs outside of its normal confines. Contrast to Friendly Fire.

Hot Testing : (Operational and Commissioning Tests) : The checking of parts, elements and/or production lines of insured property under full or partial load and normal or simulated operating conditions including the use of feedstock or other materials for normal processing or other media for load stimulation. In electrical power stations, hot testing means checking after connection to a grid or other load circuit of electrical generating, transforming, converting or rectifying equipment. Contrast : Cold Testing.

Hotel Owners Legal Liability Insurance : Refer : "Liability Insurance, Hotel Owners Legal Liability Insurance."

Hours Clause : Refer : "Reinsurance, Hours Clause"

House Air Way bill : An air way bill issued by a freight consolidator.

Housebreaking : Section 445 of the Indian Penal Code define Housebreaking as "A person is said to commit housebreaking who commits house trespass if he effects his entrance into the house (or any part of it in any of the six ways hereinafter described; or if, being in the house or any part of it for the purpose of committing an offence, or having committed an offence therein, he quits the house or any part of it in any of such six ways that is to say :

1. First : If he enters or quits through a passage made by himself, or by any abettor of the house-trespass, in order to the committing of the house-trespass.
2. Secondly : If he enters or quits through any passage not intended by any person, other than himself or of an abettor of the offence, for human entrance; or through any passage to which he has obtained access by scaling or climbing over any wall or building.
3. Thirdly : If he enters or quits through any passage which he or any abettor of the house-trespass has opened, in order to the committing of the house trespass by any means by which that passage was not intended by the occupier of the house to be opened.
4. Fourthly : If he enters or quits by opening any lock in order to the committing of the house trespass, or in order to the quitting of the house after a house trespass.
5. Fifthly : If he effects his entrance or departure by using criminal force or committing an assault, or by threatening any person with assault.
6. Sixthly : If he enters or quits by any passage which he knows to have been fastened against such entrance or departure, and to have been unfastened by himself or by an abettor of the house-trespass.

Explanation : Any outhouse or building occupied with a house, and between which and such house there is an immediate internal communication, is part of the house within the meaning of this section.

H.P.R : Refer : "Highly Protected Risk."

House Confinement : A provision in some Health Insurance Contracts which requires an insured to be confined to the house in order to be eligible for benefits.

Household Goods : Clothing, kitchenware, crockery, cutlery, furniture, fixtures, toys, household linens, books, boxes, suitcases, electrical/mechanical appliances, valuables including watches, cameras, antiques and curious, jewellery, television VCR/VCP and such other customary contents of a house.

Householders' Insurance : Insurance designed to cater to the various Insurance needs of a person in respect of his private dwelling or residence by combining under a single Policy a number or contingencies which are otherwise covered separately. "the perils which could be covered are loss of/or damage to building and/or contents by Fire, lightening, explosion of gas in domestic appliances, bursting and overflowing of water tanks, apparatus or pipes, aircraft or articles dropped therefrom, riot, strike, terrorism, malicious act, Act of God perils (ii) burglary, housebreaking including larceny or theft to contents (iii) all risk for jewellery and valuable, (iv) breakage of plate glass due to accidental external means : (v) breakdown of domestic appliance : (vi) television Insurance (vii) pedal cycle Insurance (viii) baggage Insurance (ix) personal accident Insurance for insured and/or his family, (x) public liability and (xi) workmen's compensation to domestic servants/driver etc.

Housekeeping : The general care, cleanliness and maintenance of an insured property.

Hovercraft Insurance : The insurance of air cushion vehicles in respect of damage to hull or liabilities.

Hub : A central location to which traffic from many cities is directed and from which traffic is fed to other areas.

Huebner Foundation for Insurance Education : A foundation which makes fellowship grants for doctoral study and publishes research studies in the field of insurance.

Hull : A marine vessel and associated machinery. Also used for aircraft and associated machinery in aviation Insurance.

Hull & Machinery Insurance : H & M policies cover all kinds of vessels ranging from a tiny dinghy to an ultra large crude carrier including passenger vessels, yachts. hydrofoils, hovercrafts etc. The Policy covers the Hull, machinery and other equipment and stores etc. on board, but does not cover cargo. The cover granted is so formulated as to meet the requirements of the individual ship-owner and protects the ship-owner against partial loss, total loss (actual or constructive), ship's proportion of GA and salvage charges etc. The Policy also covers sue and labour expenses and ship owner's liability towards other vessel arising from collisions. Normally, only 3/4 of the collision liability is covered under H & M Policy and the remaining 1/4th is covered with P & I clubs, Sometimes, the collision liability is fully covered under the Hull Policy. Under certain circumstances, the H & M Policy is extended to cover ship owners' liabilities towards port authorities for removal of wreck of the vessel and damage done to jetties, docks etc.

For small inland vessels lying within the Indian coastal waters, which cannot afford to "enter" their vessels with P&I clubs abroad, the H&M Policy may be extended to

cover balance 1/4th Collision Liability and ship owner's liabilities towards Port authorities for removal of wreck of the Vessel and damage done to jetties, wharfs, docks etc. (P&I risks) at additional premium.

Hull Coverage : Aircraft Insurance Policy : Refer : "Aviation Insurance, Aircraft Insurance."

Hull Insurance : In ocean marine and aviation insurance, coverage for physical damage to a vessel or aircraft.

Hull Interest : An insurable interest relating to a ship or the operation of a ship (e.g., freight, disbursements etc.).

Hull Paramount Clause : Clauses in a Marine Hull Policy which override anything in the policy with which they are inconsistent. Notably, war risk exclusion.

Hull Policy : An ocean or river marine or aviation Insurance contract covering the ship or plane (aircraft) itself.

Hull Port Risks 1987 : (20.07.1987) : For vessels plying within a named port area or port limits the widest cover will be as per ITC Hulls Port Risks which provides 4/4th Collision Liability and Protection and Indemnity risks as per its clause 9 up to a Vessel's Hull and Machinery Sum Insured. The difference between ITC Hulls 1.10.1983 and ITC Hull Port Risks are :

I. Navigation : the vessel has leave to proceed to and from any wet or dry docks, harbors, ways, cradles and pontoons within limits specified in the Policy
II. Equivalent to ITC Hulls but excluding Earthquake and Volcanic eruption perils.
III. Collision : Only the share of the insured value covered by the insurers
IV. P&I : P&I Indemnity provided is in addition to the indemnity provided by the other terms and conditions of this insurance.
V. Deductible : Similar to ITC Hulls except that provisions relating to heavy weather damage are omitted.
VI. Returns for cancellation : Pro-rata monthly net for each uncommented month.
VII. All other clauses similar to ITC Hulls except that (a) Continuation Clause (b) Breach of Warranty Clause and (c) Freight Waiver Clause do not appear in the Port Risk Clauses.

Hull Returns : Returns of premium allowed under a Hull Policy, notably when the vessel insured is laid up.

Hull Syndicates : A group of companies which agree to share or prorate insurance on oceangoing vessels or aircraft. Coverage on the ship or plane itself is called Hull Insurance.

Human Factors Engineering : Refer : "Loss Control, the Energy Release Theory."

Human Life Value (H.L.V) : Monetary value of a human life, measured by the net present value of the benefits which others receive from the personal efforts of the individual whose life is being valued. In a family context, the human life value of a person is the present value of that persons' future earnings, plus the present value of the cost of the household services that person provides, minus the present value of the person's personal maintenance expenses. In an employment setting, the human life value of an employee is the present value of the future additional revenue from that employee's personal efforts or knowledge, minus the present value of the future compensation (wages and salary plus employee benefits) to be paid to that person.

Hundredweight (cwt.) : A short ton hundredweight = 100 pounds. Long ton hundredweight = 112 pounds.

Hurricane : A violent tropical cyclone with winds of 64 knots or 73 more miles per hour (118 or more km/hr) often with torrential rains and originating usually at sea. A storm of the most intense severity with a violent wind, in particular a tropical cyclone in the Caribbean. Synonyms : Cyclone, typhoon, tornado, storm, tropical storm, tempest, windstorm, superstore, gale, squall, whirlwind. A wind of force 12 on the Beaufort scale (equal or exceeding 64 knots or 118 km/h). Air filled with foam, waves over 45 ft., sea complete white with driving spray, visibility greatly reduced.

Hurt, Grievous : Refer : "Grievous Hurt."

Husbanding : Term used by steamship lines, agents, or port captains who are appointed to handle all matters in assisting the master of the vessel while in port to obtain bunkering, fresh water, food and supplies, payroll for the crew, doctors' appointments, ship repair, etc.

Hut Insurance Scheme : (Social Security Scheme): The scheme provides for relief to very poor families in rural areas in the event their huts (and belongings in the huts) are destroyed by Fire. The scheme is intended to benefit only landless laborers, marginal and small farmers, traditional craftsmen and others engaged in petty production or trade or transport or in domestic and other service whose annual family income from all sources does no exceed Rs. 4,800/-. The payment to be made will be Rs. 1000/- for hut and Rs. 500 for belongings in the hut destroyed by Fire. This is a Social Security Scheme launched by the Govt. of India. The entire premium is being borne by the Govt. of India.

Hut Insurance Scheme to be Offered to State Government/s: The scheme is applicable to all States in India. Huts of all area/districts of the state should be covered However, State Govt. will have an option to cover any identifiable smaller group of Hut owners like IRDP beneficiaries, Green Card holders, SCs, STs, FFDA,Tribal. The Scope of cover is against Fire and allied perils, Act of God perils, riot strike, malicious damage, terrorism, etc.

Hut Insurance, General : The Insurance applies only to those huts used for dwellings and constructed in rural areas with financial assistance from banking/cooperative/Government institutions. It can also apply to a selected area or cluster of huts. The scope of cover is against loss or damage due to Fire, lightning, explosion for boiler or gas used for domestics purposes only, earthquake, flood, inundation, storm, tempest, cyclone and other allied perils, riot and strike damage, malicious damage, aircraft and impact damage.

Hybrid Policy : A policy which contains two different types of cover.

Hydrocarbon : An organic compound that consists exclusively o carbon and hydrogen and is derived principally from petroleum, coal tar and vegetable sources.

Hydroscopic : It refers to deliquescent in cargo which becomes liquid, Eg. caustic soda, nitrates, salt, sugar etc.

Hypothecate : The pledging of real or personal property as security. thus, an action of pledging property such as accounts receivable.

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"If" Clauses : Clauses which terminate coverage "if" certain conditions are created or discovered. An example is the concealment or misrepresentation provision which states that if this is discovered, the coverage is void.

I.B.N.E.R. : Incurred but Not Enough Reported Reserve : A reserve reflecting expected changes (increases and decreases) in estimates for reported claims only (i.e. excluding any true IBNR claims).

I.B.N.R. (I.N.R.) : Incurred But Not Reported Reserve. : Provision for claims incurred but not reported by the balance sheet date. That is, it is anticipated that there would be a number of policies that have, but for the advice of the claim to the insurer, occurred and therefore are likely to result in a liability on the insurer. The magnitude of this provision can be expected to reduce as the time since the insurance risk on the contract expired extends. The magnitude is also likely to vary depending on the type of insurance risk covered by any particular class of insurance contract.

I.C.A.O. International Civil Aviation Organization. A specialized agency of the United Nations, with headquarters in Montreal. Its task is to promote general development of civil aviation (e.g. aircraft design and operation safety procedures contractual agreements).

I.C.T.F. : Intermodal Container Transfer Facility an on-dock facility for moving containers from ship to rail or truck.

Ice Deviation Clause : A clause in a Marine Cargo policy permitting a vessel to deviate to discharge cargo at the nearest accessible port if the destination port is inaccessible on account of ice.

Ice Deviation Risk : Insurance pay rupee per ton of cargo discharged short of destination because of icing at the destination port or its closure due to icing.

Ice Exclusion Clause : A clause in a Marine Hull Policy excluding damage caused by contact with ice during winter months.

Identification Card, Health : A card given to each person covered under the plan which identifies him as being eligible for benefits.

Identification of Benefits : A provision that the cost of putting a disabled insured in touch with and in the care of relatives will be reimbursed, usually up to a maximum amount.

Igloo : Container designed to occupy full main deck width of carrying aircraft.

Ignite : To initiate combustion.

Ignition : The act of setting something on fire.to (cause to) catch fire. Petrol is easily ignited.The instrument in a car etc which ignites the petrol in the engine. He switched on the car's ignition.

Illegal Contract : It is a contract, which is contrary to law and against the interests of public. It cannot be sustained and does not have legal effect.

Immature Policies : Claims made coverage which has not been in effect, on an uninterrupted basis, for at least five years. For rating purposes, a discount applies to manual rates for immature policies.

Immunization : The invest of assets in such a way that the insurer's existing business is immune to a general change of interest rates in the future.

Impact Damage : Damage to property by impact with the vehicles, horse and cattle of a third party.

Impact Damage Agreements : Agreements whereby liability insurers agree to pay and the owners or insurers of fixed property agree to accept, a state proportion of damage to the property caused by an insured vehicle, without regard to legal liability.

Impact Damage due to Insured's own Rail/Road Vehicles, Fork Lifts, Cranes, Stackers and the like and articles dropped therefrom, Add On peril under Standard Fire and Special Perils Policy (Material Damage) : On payment of additional premium the Policy is extended to cover loss and or damage caused to insured's property by insured's own rail/road vehicles, fork lifts, cranes, stackers and the like and articles dropped therefrom.

Impaired Capital : When liabilities and claims consume an Insurance Company's Surplus the capital is impaired. Suspension of the right to do business normally follows.

Impaired Insurer : An insurer which is in financial difficulty to the point where its ability to meet financial obligations or regulatory requirements is in question.

Impaired Lives : Persons who suffer from some condition that may shorten their life.

Impaired Property : Tangible property which cannot be used or has become less useful because it incorporates the insured's product or work which is defective of inadequate, or because the insured has failed to fulfill a contractual obligation.

Impaired Risk : A substandard risk which is accepted on the payment of extra premium.

Impeach : Evidence which tends to detract from the credibility of the witness.

Implied Authority : Authority of an agent that the public may reasonably believe the agent to have. If the authority to collect and remit premiums is not expressly granted in the agency contract, but the agent does so on a regular basis and the insurer accepts, the agent has implied authority to do so.

Implied Condition : A condition to which a policy is subject that is not expressed in the policy, the fulfillment of the condition resting with either the insured or the insurer.

Implied Covenant of Good Fair and Fair Dealing : The implied covenant contained in every contract of insurance that neither party will do anything to deprive the other of his rights under the contract.

Implied Seaworthiness :Seaworthiness of a vessel insured in an Ocean Marine contract is an implies warranty. The assumption is that the vessel, its equipment, and its crew are in good condition and prepared to make the voyage.

Implied Warranty : Refer : "Warranty, implied warranty."

Import : To bring goods from another country into one's own country.

Import Duty Insurance Clause : This insurance is on increased value of cargo by reason of payment of customs duty at the port or place of destination and is subject to the same clauses and conditions as the primary insurance of the cargo and to pay the same percentage of the duty payable (excluding charges and expenses) as may be paid thereon but excluding claims in respect of Total Loss or total loss of part cargo or General Average contributions an salvage charges arising prior to duty becoming payable. Credit shall be given for any rebate or refunds of duty which may become allowable. It is warranted that (i) This policy is not assignable (ii) No claim unless the claim under primary Marine policy is payable and proof of liability for loss to be submitted. (iii) This is not a valued policy as defined in the Marine Insurance Act, 1963. Claims under this policy are payable on the basis of actual duty paid or on the basis of sum insured, whichever is less. (iv) In the event of a claim, immediate notice of loss to be given to Insurer and a reasonable opportunity is to be given to the insurer to survey an assess the loss.

Import License : A certificate issued by countries exercising import controls, that permits importation of the articles stated in the license. The issuance of such a permit frequently is connected with the release of foreign exchange needed to pay for the shipment for which the import license has been requested.

Importation of Average : A condition in a policy whereby if a claim is covered by two policies one of which is expressed as subject to average and one not, the latter is made subject to average I like manner.

Improvements and Betterments : Improvements made by a tenant to a building that con not be removed if the tenant leaves the building.

Improvements and Betterments Insurance : Protects a tenant against suffering loss on the improvements and betterments he has made on his leased property e.g., if one rents a building and installs partitions or makes other improvements in the property, it is desirable to take out a Fire Insurance Policy that protects the interests in those improvements, should Fire destroy the building.

Imputed : Occurs when actions of one party, usually the agent, are deemed to be actions of the other party, usually the principle.

Imputed Negligence : Case in which responsibility for damage can be transferred from the negligent party to another person such as an employer.

In and Out Policy : A policy covering stockbrokers against losses due to the infidelity of staff, dealings in forged or stolen documents, and the misappropriation of documents or money.

In Camera : In private.

In force : A contract is said to be in force long as it remains operative until it expires or is cancelled.

In-admitted Asset : Any asset prohibited from being included in regulated asset as reported by the Insurance Company to the Government's Insurance Regulatory Authority. These in admitted assets are presumed to have little value to meet claims in case of liquidation of the Insurance Company.

In-Area Services : Services which are provided within the "authorized" service area as designated in the plan.

In-Bond : A customs program for inland ports that provide for cargo arriving at a seaport to be shipped under a Customs bond to a more conveniently located inland port where the entry documents have been filed. Customs clears the shipment there, and the cargo is trucked to its destination, which normally is close to the inland port.

Incendiary : A fire believed to have been deliberately set. Relating to a devise used to set an arson fire.

Inception Date : AKA Effective Date. The date on which an insurance policy goes into force, usually shown in the declarations page of the Policy. This may or may not coincide with premium collection dates.

Inchmaree Clause (Additional Perils Clause): Clause in ocean marine hull and cargo policies that insures against' damage directly caused by such perils as explosion, breakdown of electrical machinery, bursting of boilers, breakage of shafts, latent defects in machinery or hull, accidents in handling cargo, and crew negligence, provided the damage does not result for want of due diligence by the vessel owner. Named for a case involving the vessel Inchmaree.

Incident : Untoward event which may or may not cause accidental loss, depending on the particular circumstances of the event. An accident is a type of incident which results in accidental loss, but not all incidents are accidents. Refer : "Accident."

Incidental Contract : Any one of several designated classes contracts which are exceptions to the usual general liability Insurance exclusion of liability assumed under contract. Because of this exception, most general liability policies cover the insured's liability for bodily injury or property damage assumed under most written leases of premises, easement agreements. indemnity agreements required by a municipality, side-track agreement with a rail road, and elevator maintenance agreements.

Incidental Non-Marine : Insurances written by a Marine underwriter as an adjunct to his marine insurance account.

Income : A stream of benefits generally measured in terms of money as of certain time - a flow of services. It is the source of value. Exactly, income is made up of the amount received from both earnings and investments.

Income Bond : A form of guarantee bond offering guaranteed income plus lump-sum benefits.

Incompetent : A person who cannot manager his own affairs. One who is legally declared insane would be an example of an incompetent. Children under a certain age are also considered incompetents for some purposes.

Incontestable Clause : A clause by which a Policy becomes unquestionable after the expiry of certain number of years (in India 4 years); term used in Health Insurance policies.

In-Kind : An expression relating to the insurer's right in many property contracts to replace damaged objects with new or equivalent (in kind) material, rather than to pay a cash benefit.

INCOTERMS:International Commercial Terms, known as "Incoterms", are internationally accepted terms defining the responsibilities of exporters and importers in the

arrangement of shipments and the transfer of liability involved at various stages of the transaction. Incoterms do not cover ownership or the transfer of title of goods. It is crucial to agree on an Incoterm at the start of a negotiation/ quotation of a sale, as it will affect the costs and responsibilities involved in shipping, insurance and tariffs. The new Incoterms 2010 rules were revised by the International Chamber of Commerce and will become effective January 1, 2011. Four terms were eliminated (DAF, DEQ, DES, DDU) and two were added: Delivered at Place (DAP) and Delivered at Terminal (DAT). The modifications affect obligations, risk transfer, and cost sharing for the seller and buyer, resulting in better clarification and application of the eleven (11) Incoterms, and consistent with the way global trade is actually conducted since the last update in 2000.

INCOTERMS 2010: ICC OFFICIAL RULES FOR THE INTERPRETATION OF TRADE TERMS : The 11 Incoterms consist of two groups and are listed below in order of increasing risk/liability to the exporter. Under the revised terms, buyers and sellers are being urged to contract precisely where delivery is made and what charges are covered. This should avoid double-billing of terminal handling charges at the port of discharge. References to "ship's rail" were taken out to clarify that delivery means "on-board" the vessel. Insurance, electronic documentation, and supply chain security are addressed in more detail, and gender-neutral language is now used.

INCOTERMS DO NOT...

- Determine ownership or transfer title to the goods, nor evoke payment terms.
- Apply to service contracts, nor define contractual rights or obligations (except for delivery) or breach of contract remedies.
- Protect parties from their own risk or loss, nor cover the goods before or after delivery.
- Specify details of the transfer, transport, and delivery of the goods. Container loading is NOT considered packaging, and must be addressed in the sales contract.
- Remember, Incoterms are not law and there is NO default Incoterm!

INCOTERMS 2010 Rules for Any Mode or Modes of Transportation : DAT (DELIVERED AT TERMINAL) : Seller bears cost, risk and responsibility until goods are unloaded (delivered) at named quay, warehouse, yard, or terminal at destination. Demurrage or detention charges may apply to seller. Seller clears goods for export, not import. DAT replaces DEQ, DES.

INCOTERMS 2010 Rules for Any Mode or Modes of Transportation : CIP (CARRIAGE AND INSURANCE PAID TO): This term is almost similar to CPT except that the seller has to arrange and pay for the insurance against the risks of loss or damage of the goods during shipment. The seller has to take the insurance and pay the freight. The buyer has to pay customs and unloading charges. He supports the risks of loss or damage when the goods are given to the first carrier.

INCOTERMS 2010 Rules for Any Mode or Modes of Transportation : CPT (CARRIAGE PAID TO): This term is used for transport by rail, road, and inland waterways. The seller and exporter are responsible for the carriage of goods to the nominated destination and to pay freight for the first carrier. He is responsible to do custom clearance and arrange and pay carrier up to the agreed destination. The buyer is responsible to pay for import customs; unloading costs and bear the risks of loss/ damage after the goods are given by the first carrier. Thus the buyer needs to take insurance when he takes the risk on delivery by the first carrier.

INCOTERMS 2010 Rules for Any Mode or Modes of Transportation : DAP (DELIVERED AT PLACE) : Seller bears cost, risk and responsibility for goods until made available to buyer at named place of destination. Seller clears goods for export, not import. DAP replaces DAF, DDU.

INCOTERMS 2010 Rules for Any Mode or Modes of Transportation : DDP - Delivered Duty Paid: Seller bears cost, risk and responsibility for cleared goods at named place of destination at buyers disposal. Buyer is responsible for unloading. Seller is responsible for import clearance, duties and taxes so buyer is not "importer of record".

INCOTERMS 2010 Rules for Any Mode or Modes of Transportation : EXW : Ex-works : Under EXW, an exporter's responsibility ends at their facility's loading dock, which includes making the goods available for pick up and providing any product information needed for filing the Electronic Export Information (EEI). The importer's agent (i.e. their designated. freight forwarder) will arrange and pay for the pre-carriage, shipping, insurance and any additional costs from the exporter's door.

INCOTERMS 2010 Rules for Any Mode or Modes of Transportation : FAS (FREE ALONGSIDE SHIP) : FAS (Free Alongside Ship): Title and risks including payment of transportation costs and insurance pass to the buyer once the goods are delivered alongside ship by the seller whether used for sea or inland waterways transport. However export clearance obligation rests with the seller. Seller's responsibility ends as soon as the goods are placed cleared alongside the ship. The buyer's responsibility for all expenses and insurance start with the arrival of goods alongside ship.

INCOTERMS 2010 Rules for Any Mode or Modes of Transportation : FCA (FREE CARRIER) FCP (Free Carrier Point): The seller's responsibility is to deliver the goods into the custody of the transporter at the named points or load the goods on the buyer's vehicle. It is the buyer's responsibility to receive the seller's arriving vehicle unloaded. Thus title and risk pass to the buyer including transportation and insurance. The buyer decides the means of transport and insurance cover. The seller and the buyer agree upon the point of delivery of goods.

INCOTERMS 2010 Rules for Sea and Inland Waterway Transport: CFR (COST AND FREIGHT) :C&F/ CFR (Cost and Freight): Under this term the exporter bears the cost of carriage (freight). Risk passes from the exporter to the buyer at the port of shipment. The seller gives the notice of shipment to the buyer to enable him to arrange insurance. Until shipment, the risks however remain with the shipper. The buyer is responsible for insurance from the time he assumes the risks, that is, from the point of shipment. The transfer of risks is the same as in FOB. The seller needs to protect his interests by insuring the risks in goods from his warehouse till the goods are loaded in the overseas vessel. C&F price is inclusive of Ex-Works price, packing charges, transportation charges up to shipment & freight.

INCOTERMS 2010 Rules for Sea and Inland Waterway Transport: CIF (COST, INSURANCE AND FREIGHT) : The seller is responsible for insurance from own warehouse to that of the buyer at the destination point. This policy is called "warehouse to warehouse" marine policy. The policy is taken in the sellers' name and the claim is negotiated by the buyer, generally through a claims settling agent at the destination place in his own country. The seller is responsible to arrange insurance on warehouse-to-warehouse basis protecting the interests of both the seller and the buyer. Title and risks pass to the buyer when goods have been delivered aboard the ship at the loading point. Buyer supports the entire risk of transportation. CIF includes Cost, Freight and Insurance as the term provides.

INCOTERMS 2010 Rules for Sea and Inland Waterway Transport: FOB (FREE ON BOARD) : FOB (Free on Board): Under FOB contracts, the seller undertakes to deliver the goods over the ship's rail, at which point the risks pass from the seller to the buyer. The seller's responsibility is to pay all expenses until this point. He is to arrange for insurance up to the point. The buyer is also responsible for insurance from the time he assumes the risks, that is, once the goods pass the ship's rail. Sellers are responsible to clear customs dues, quality inspection charges and other export related dues. It is important that the shipment term in the bill of lading must carry the wording "Shipped on Board", it must bear the signature of the transporter or the carrier or his authorized representative with the date on which the goods are boarded. FOB price is inclusive of Ex-Works price, packing charges, transportation charges up to the place of shipment.

Increase in Cost of Working : Under a business interruption policy the occurrence of the event insured against may cause the insured to incur increases in his costs in endeavoring to maintain production. The insurance provides some cover in this respect.

Increase in Hazard : Enlargement of a risk by the insured beyond the intent of the Insurance Company when the original Policy was issued. Suspension of liability of the Company will result from such material increase in hazard. A manufacturer producing a low risk non-inflammable product would increase the hazard if he converted to making paint or explosive.

Increased Cost of Construction Insurance : Insurance that covers the additional cost of reconstructing a damaged or destroyed building where ordinances require rebuilding with more expensive materials, services, or techniques.

Increased Risk : An insurance that presents some unfavorable feature.

Increased Value Insurance : This Insurance is on increased value by reason of market value of the goods at destination on the date of landing being higher than the CIF and duty value of the cargo and is subject to the same clauses and conditions as the Insurance on CIF value of cargo, and to pay 75% of the actual loss suffered in the market or realizable value of cargo not exceeding 75% of the sum insured because of operation of any of the perils insured against, after taking credit for claims recovered under the basic cargo (CIF value) and duty Insurance for the cargo. This Insurance shall, however, not pay any part of GA contribution or salvage charges arising from any casualty whatsoever. Increased value Insurance shall not be granted for more than 100% of the CIF value of the cargo, except in exceptional circumstances.

Increase-in-Hazard Statute : Statute which modifies common law by allowing an Insurer to deny payment of an otherwise insured claim because of misrepresentation or breach of warranty only if that misrepresentation or breach contributed materially to causing the loss. These laws are known as 'Increase-of-Risk' Statues. Refer also "Contribute-to-Loss Statute."

Incremental Cost to Export : The additional costs incurred while manufacturing and preparing a product for export (e.g., product modifications, special export packaging and export administration costs). This does not include the costs to manufacture a standard domestic product, export crating and transportation to the foreign market.

Incurred but Not Reported (I.B.N.R.) loss : Loss which has not yet been reported as of a specified date.

Incurred but Not Reported (I.N.R.) claims : Claims which have been incurred but not yet been reported to the Insurer. For instance, insurance company statements prepared

after the end of the accounting year would have to include an estimate of losses that occurred during that accounting year but have not yet been reported.

Incurred Claims : Incurred claims equal the claims paid during the policy year plus the claim reserves as of the end of the policy year, minus the corresponding reserves as of the beginning of the policy year. The difference between the year end and beginning of the year claim reserves is called the increase in reserves and may be added directly to the paid claims to produce the incurred claims. Typically, incurred claim values include some expenses of paying claims such as those allocated to individual claims.

Incurred Claims Ratio : The percentage of losses incurred to premiums earned.

Incurred Expenses : Expenses not yet paid. Can also include paid expenses in some accounting systems.

Incurred Loss : (01 The losses paid or payable for claims covered by a policy or group of policies attributable to a specific coverage period provided by the policy or policies (02) Paid losses adjusted for changes in the loss reserve for a calendar or financial year period.

Incurred Loss Ratio : The percentage of losses incurred to premium earned.

Indemnification : Compensation to the victim of a loss, in whole or in part, by payment, repair or replacement.

Indemnification Aliunde : The liability of insurers under a contract of indemnity is to make good the insured's loss. If the insured's loss is made good aliunde (from another source) the insurer's entitled to credit accordingly for any sum received.

Indemnify : To repay or compensate in money or kind or a sustained law. Legal principle that specifies an insured should not collect more than the actual cash value of a loss but should be restored to approximately the same financial position as existed before the loss.

Indemnitee : Party who receives indemnity from another.

Indemnitor : An entity or person who enters into an agreement with a surety to hold the surety harmless from loss incurred as a result of issuing a contract bond to an applicant who falls just short of acceptability. If the principle defaults, the indemnitor, rather than the surety, assumes the obligation.

Indemnity :A general legal principle related to insurance that holds that the individual recovering under an insurance policy should be restored to the approximate financial position he or she was in prior to the loss - the insured cannot be allowed to make a profit out of a loss. The Insurers may provide indemnity in different methods :

1. **Cash Payment** : After the loss is assessed, the quantum of loss suffered is paid by cash.
2. **Repairs :** An automobile or machinery may be damaged in an accident. Insurers may authorize repairs and pay the amount to the repairer Direct.
3. **Replacement** : Where due to an accident certain parts of a machinery are to be replaced, Insurers authorize to do so after deducting depreciation.
4. **Reinstatement** : Insurers may also choose to reinstate the property lost in Fire
5. The Insurers alone have the right to select the method of indemnification. The insured cannot insist on indemnification by any particular method.

Indemnity Bond : A bond which indemnify the obligee against loss which arises as a result of failure on the part of a principal to perform. Warehouse, lost instruments, freight charge, lien, are examples of indemnity bond.

Indemnity Clause : A contract clause placing an obligation on one party to indemnity the other for losses incurred in the course of the contract.

Indemnity Period : The period beginning with the date of the dame during which the turnover of the business is affected by the damage. It lasts until the turnover recovers and reaches the point at which it would have been had the loss not occurred, or the expiry of the maximum indemnity period – the number of months selected by the insured – whichever comes first.

Indemnity Principle : Of a general legal principle related to insurance which holds that the individual recovering under an insurance policy should be restored to the approximate financial position he was in prior to the loss.

Indenture : A deed to which two or more persons are parties and under which they enter into obligation towards each other. It is an agreement in Writing Independent contractor:

Independent Action : A move by which a member of a shipping conference elect to depart from the specific service rates set forth by the conference, giving ten calendar days' notice of such action. The conference member's new schedule of rate or rates, officially takes effect no later than ten days after receipt of notice by the conference.

Independent Adjuster : One who is licensed by IRDA and adjusts losses on behalf of companies but it not employed by any one. He is paid by fee for each loss adjusted.

Independent Contractor : One who undertakes to perform certain results for another by his own method and in his own manner, being responsible only for results and not being subject to the directions of the other party with respect to details of work.

Independent Liability Method : A method of apportioning a claim covered by two or more insurances. The liability of each insurer is calculated independently and each insurer contributes in proportion to the amount of his liability thus ascertained.

Independent Range : Insurance policies are said to be of independent range when one cover property of certain classes or at certain situations and the other covers classes of property or situations which are not identical. If there is some overlap in cover the respective insurers must contribute in the settlement of a loss.

Independent Risk Unit : Part of the subject matter of an insurance which is separate from and independent of other parts.

Independent Insurer : Insurer who does not rely on a rating bureau or other advisory service in establishing premium rates or the wording of its Insurance contract but, rather, itself performs these and other functions.

Independent Liability : The liability of an Insurer for losses assuming that he was the only Insurer covering such losses.

Index or Stability clause : Refer : "Reinsurance, Index or Stability clause"

Indian Institute of Risk Management, Hyderabad : IIRM established and developed by Insurance Regulatory and Development Authority of India and approved by AICTE is the only dedicated Institution for education in Insurance and Actuarial Science in the

World. The Institute is promoted by the Regulator with the sole aim of developing the required work force for the entire Insurance sector. The Institute offers education through the regular and distance modes.

Indian Insurance Act, 1938 : Refer : "Acts, Indian Insurance Act. 1938

Indian Insurance Company, defined : Section 2(7A) of the Indian Insurance Act : Indian Insurance Company means any insurer being a company, which is limited by shares : (a) which is formed and registered under the Companies Act, 2013 as a public company or is converted into such a company within one year of the commence of the Insurance Laws (Amendment) Ordinance, 2014; (b) In which the aggregate holdings of equity shares of foreign investors, including portfolio investors do not exceed forty-nine per cent paid up equity capital of such Indian insurance company which is Indian owned and controlled in such manner as prescribed. (c) whose sole purpose is to carry on life insurance business or general insurance business or re-insurance business or health insurance business. As per Section 6 of the Indian Insurance Companies (Foreign Investment) Rules, 2015, foreign direct investment proposals which take the total foreign investment in the Indian insurance company above 26 per cent and up to the cap of 49 per cent shall be on the Foreign Investments Promotion Board (FIPB) route, and shall require FIPB approval subject to the compliance of the provisions of the Insurance Act, 1938.

Indian Register of Shipping (IRS) : India Register of Shipping (IRS) is a national ship classification society established in India in April 1975. The services of IRS are also available for purposes such as damage survey of ships, offshore structures and related equipment and containers and design appraisal, inspection and certification of fixed offshore platforms during construction on behalf of underwriters etc. It has attained full membership of International Association of Classification Societies (IACS) in June 2010.

Indian Roads Congress (IRC) : Set up in December 1934**, t**he Indian Roads Congress (IRC) is the Apex Body of Highway Engineers in the country

Indian Shipping and Transport News : This is a daily publication on shipping, ports, railways, roadways and aviation. A part from shipping news, it publishes also (i) schedule of movements of ships due in Bombay and Nhava Sheva for export loading, (ii) movement of ships for import discharge, (ii) ships at berth at docks in Bombay and at Jawaharlal Nehru Port (Nhava Sheva), and (iv) container schedules.

Indian Shipping, Journal : A Journal being published monthly. It contains articles of interest to ship-owners and essential statistics relating to ships and shipping.

Indicate : A broker who has obtained a quotation fro a leading underwriter for a line of an insurance is said to indicate a rate when he informs his client of this.

Indirect : Contingent that which happens only after something else has occurred.

Indirect Business : Insurance received by insurer through a broker or agent entitled to commission, or through another insurer, as distinct from business transacted directly between the insurer and the insured.

Indirect Damage : Loss resulting from a peril, but not caused Directly and immediately thereby. Indirect damage may be covered by Insurance, as for example business interruption lease hold, loss of profit, interest, rent and rental value and consequential coverage.

Indirect Loss : A loss that occurs indirectly as a consequence of a given peril..... Refer : "Consequential Loss."

Indisputability Clause : A clause in a policy providing that after a stated period the insurer may not dispute the validly of the policy in the absence of fraud on the part of the insured, thus relieving the insured of the consequences of any innocent non-disclosure or misrepresentation.

Individual Contract :A contract mad with an individual that covers that individual and perhaps also specified members of his family for benefits as described in the policy.

Individual Risk Premium Modification Rating Plan : A plan which modifies the premium on large package policies by considering such factors as reduced expenses for handling costs (Expense Modification) and special characteristics of the risk not contemplated by the basic rate (Risk Modification).

Indivisibility of Premium : A principle whereby when a premium has been agreed for a period is payable in full even though the insurer has covered the risk for only a part of the period.

Inducement : Some steamship lines punish in their schedules the name of a port and the words by inducement in parentheses. This mans the vessel will call at the port if there is sufficient amount of profitable cargo available and booked.

Industrial All Risks Insurance : The scope of cover under "All Risks" insurance is determined by its exclusions i.e., "what is not excluded specifically is covered." An all risks policy to cover industrial risks. Each insured (a separate legal entity-sister concern or otherwise within a complex may avail of separate IAR policy. A separate IAR policy for different types of Industrial Units (Pharmaceutical, Engineering Workshop, Plastic Industries etc.) may be allowed for the same insured within one complex provided each unit. The Policy covers : Section I - Material Damage and Section II - Business Interruption. Policy is an all risks/perils other than those which are specifically excluded. The cover in its widest form will include the following perils/covers: a) Fire and all Special Perils b) Burglary c) Machinery Breakdown/ Boiler Explosion/Electronic Equipment Insurance d) Business Interruption (Fire and all Special Perils) The Machinery Loss of Profit cover is optional and can be included. It is essential that the sum insured on Buildings, Machinery, furniture, fixtures and fittings and Electrical installations is fixed on the basis of Reinstatement values and stock on market value. Mid-term increase on material damage sum insured on pro-rata and decrease on short-period. The sum insured for Business interruption to be based on at least the previous years Balance sheet.

Special Exclusions to Section I (Material Damage) Excluded properties :Jewellery, precious stones, precious metals, bullion, furs, curios, rare books or works of Art, standing timber, growing crops, livestock, property removed except machinery and equipment temporarily removed for repairs within India for a period not exceeding 60 days, property in course of demolition, construction or erection, property in transit, licensed road vehicles, land etc unless specified in the policy, property at the time of happening of damage is insured by a marine insurance policy, exposure to weather conditions if left in open, documents, manuscripts, etc unless specifically insured.

As regards MB Coveraccident, loss damage or liability resulting from overload experiments or test requiring the imposition of abnormal condition is excluded as also are excluded property for which a manufacturer, supplier, contractor or repairer is responsible.

Industrial Fire Insurance : Fire insurance of business property as distinct from the insurance of the property of private individuals.

Industrial Injuries Insurance : A form of social insurance providing benefits for employed persons for injuries arising out of and in the course of their employment.

Industrial Insurance : Insurance designed primarily for hourly wage worker. It may however be sold to any type of individual.

Industrial Property Form : A package Policy insuring manufacturers against various losses to personal property and building at more than one location.

Industrial Property Rights Insurance : Insurance against the infringement or alleged infringement of patent, design, trademark,, trade name or copyright actions for passing off, in respect of goods sold or supplied.

Inevitable Accidents : Refer : "Accident, inevitable."

Inflation Factor : An adjustment of premium to allow for a rise in costs due to inflation.

Inflation Guard Endorsement : An endorsement attached to an insurance policy where the limits of liability on a piece of property are increased on a regular basis by a certain percentage in order to offset increasing building costs associated with inflation.

Inflation Protection : Provisions in a health insurance policy that increase benefit levels to account for anticipated increases in the cost of covered services.

Infra : Below

Infringement of Industrial Property Rights Insurance : Insurance against the financial consequences of inadvertently infringing rights such as patents, trademarks or copyright.

Ingestion Damage : Damage caused by foreign bodies being drawn into the air intake of the turbine engine of an aircraft.

Inherent : The result of a hazard which is commonly rising from the occupancy of a structure such as the water heater of a residence blowing up or exploding.

Inherent Explosion : A violent and noisy bursting caused by the normal processing such as to be found in operation of certain type of pressing operation, e.g., explosion of a hot water heater in a residence would be inherent explosion and is covered by the terms of a standard Fire Insurance Policy.

Inherent Vice : Characteristics of property which causes it to deteriorate naturally. For example, the rotting of damp wood or the melting of ice.

Initial Eligibility Period : An amount paid at the inception of an insurance contract, usually subject to adjustment at the end of the policy period.

Initial Period : In business interruption insurance a period of so many weeks after the occurrence of material damage during which the insured is protected against loss in relation to wages to the full extent of his wage roll.

Initial Premium : Amount charged at the beginning of coverage but subject to change after additional experience or information has been obtained.

Initialing : The initialing of a slip by an underwriter binds him to accept his line of the insurance. Similarly he signifies his acceptance of subsequent amendments or agreements by initialing a document.

Injunction : A court order intended to prevent a person from doing something which might later be termed to be wrongful or illegal.

Injury Independent of All Other Means : An injury resulting from an accident, provided that the accident was not caused by an illness.

Inland Carrier : A transportation line which hauls export or import traffic between ports and inland points.

Inland Marine (Transit) Insurance : A branch of the insurance business which developed from the insuring of shipments which did not involve ocean voyages.

Inland Rail / Road/Air Transit clauses

1. **Risk Coverage**

   Clauses 'C' : Fire risks only i.e., Fire and lightning .

   Clauses'B'- Basic cover
   1. Fire, lightning
   2. Breakage of bridges
   3. Collision with or by the carrying vehicle.
   4. Overturning of the carrying vehicle.
   5. Derailment or accidents of like nature to the carrying railwaywagon / vehicle.

   Clauses 'A' - All Risks : This insurance covers all risks of loss or damage to the subject matter insured except as provided for. Exclusion is expressly mentioned in the clauses itself or this can be put in by underwriters in the policy.

2. **Extensions, under Basic Cover : Rail / Road Clauses 'B' :**
   1. Theft, pilferage non-delivery .
   2. Leakage
   3. Breakage
   4. Fresh water / Rain water damage
   5. Damage by hooks, oil, mud and other extraneous substances
   6. Malicious damage.

3. **Inland Transit, Exclusions : Clauses A, B & C :**
   1. Willful misconduct of the assured.
   2. Ordinary leakage, loss in weight or volume, wear & tear
   3. Insufficient or unsuitable packing
   4. Delay - even though the delay be caused by a risk insured against
   5. Inherent vice or nature of insured goods.
   6. war and warlike risk
   7. Strike risks (including damage caused by terrorists).

   Exclusions are common between ITC-A, ITC-B and ITC-C except for the exclusion of malicious damage which does not form part of general exclusions list of ITC-A. In other words, malicious damage is an insured peril under ITC-A but it is exclusion under ITC-B and ITC-C.

4. **Additional cover : Clauses A, B & C :**
Inland Strikes, Riot and Civil Commotion risks may be covered on payment of additional premium. (Note: War risks on Road/Rail/Air transit is not granted)

5. **Duration Clause (Clause 5) : (a) Attachment** : Insurance attaches the moment the cargo leaves the place of storage named in the policy as place of origin. This signifies that the carrying has moved from the place, otherwise any loss arising out of a stationery loaded vehicle at the point of origin is not covered. The coverage will continue throughout the ordinary course of transit. Ordinary course of transit means standard time period or route to be taken to move the cargo from one place to another. Include normal transshipments i.e., by road from origin point till railway sliding then rail movement to nearest railway station and thence road movement till the final point of delivery. **(b) Termination** : Terminations occurs either if (i) The cargo gets delivered to consignee at the final destination (ii) After the expiry of 7 days after the consignment reaches final destination town but before delivery to the consignee. It would be noted that first loading on to carrying conveyance at the place of origin is not covered whereas since the policy is covered till the cargo gets delivered to consignee, unloading risk is covered.

Inland Fish Insurance : This cover is applicable to fry, fingerling fish in ponds, lakes and other still, fresh water projects and not to brackish water and marine fisheries, period of Insurance is from the entire crop period 12 to 18 months. There is no fixed sum insured under the Policy value of fish every month or at any other stage till the catch period i to be certified by the Fisheries Extension Officer in case of Fish Farmers Development Agency (FFDA) or an officer of equal & higher rank in the Fisheries Department. This certified value table will be incorporated in the Policy and shall form the basis for claims settlement. This Insurance cover is for total loss only.

Innkeepers Legal Liability : A coverage for motel and hotel operators, protecting them against the legal liability they have for the safekeeping of the property of guests. The policy usually has a limit per guest and an aggregate limit per policy year.

Inpatient : A patient admitted to a hospital or other similar medical facility as a resident patient.

Inside Limits : Limits placed on hospital expense benefits which modify benefits from the overall maximums listed in the policy. An inside limit when applied to room and board, limits the benefits to not only a maximum amount payable, but also limits the number of days the benefit will be paid.

Inside staff : The employees of an insurance company who work within its offices and who are not wholly or mainly engaged in making outside calls.

Insolvency Clause : Refer : "Reinsurance, Insolvency Clause"

Insolvency Funds : Funds that have been created by Insurance Regulator to guarantee the payment of bills of insolvent insurers.

Insolvent : Where a person's business's liabilities exceed their assets.

Insolvent Insurer : An insurer which is unable to meet its financial obligations.

Inspection : Examination of a risk to be insured to decide on acceptance, or rejection.

Inspection Certificate : A document certifying that the subject matter of insurance was in good condition immediately prior to acceptance of insurance.

Inspection Report : A summary statement of the physical financial and moral attributes of an insured or an applicant for insurance on his property. Such reports are prepared by the Inspection Bureaus, specialized organizations and insurers.

Inspector : An official of an insurance company concerned with selling and servicing of insurance.

Instant Certificates : Provisional certificates provided by insurers for the use of the ceding insurer in connection with open covers and the like pending the availability of printed certificates.

Institute Agent : An Agent appointed by the Institute of London Underwriters and authorized to settle claims payable abroad.

Institute Cargo Clauses (Air) (Excluding sending by post) : There is only one standard "All-Risk" cover for Air transits (excluding sending by posts). The insurance covers all risk of loss or damage to the subject matter insured except as excluded. If an insurer would like to restrict the cover he can do so by attaching ICC(Air) clause as well a manuscript wording on the schedule of the policy restricting cover such as TLO which would mean Total Loss only. **Exclusions are similar to the ones under ICC-** A. Duration clause is also similar to that under ICC – A, B or C except that the cover would terminate on the earliest of the various alternatives spelt out under clause 5, one of which is "on the expiry of 30 days after unloading the subject matter insured from the aircraft at the final place of discharge."

Institute Clauses : Clauses approved by a Committee of Company and Lloyd's underwriters as standard clauses for use in the Marine Insurance Market and published by the Institute of London Underwriters. At the end of 1998 the ILU merged with LIRMA (the London Insurance and Reinsurance Market Association) which was the trade association acting for non-marine insurance companies. This move was driven by companies who wrote both marine and non-marine business and saw the value in having one trade association to represent them and to act as an administrative and policy signing and accounting bureau. Thus the IUA (the International Underwriting Association of London) was set up on 1 January 1999 and all the ILU's then members ceased their membership of the Institute and became members of the IUA.

Institute of Finance, Banking and Insurance : (IFBI) : IFBI has been a pioneer in the Banking, Financial Services and Insurance education and training space in India since 2006. Established by Global Talent Development Company NIIT in association with ICICI BANK, IFBI Today works with multiple partners – for placement and for corporate solutions and also offers programs for a variety of student segments – whether it is graduates seeking banking or insurance careers or banking professionals looking to upgrade their knowledge.

Institute, The Risk and Insurance Knowledge Group (USA) : For more than 100 years, The Institutes have been the leading provider of professional education for the risk management and property-casualty insurance industry. The Institutes are the leader in delivering proven knowledge solutions that drive powerful business results for the risk management and property casualty industry. Institutes knowledge solutions include the CPCU designation program; associate designation programs in areas such as claims, risk management, underwriting, and reinsurance; introductory and foundation programs; online courses; research; custom solutions; assessment tools; and continuing education (CE) courses.

Institute Cargo Clauses : Ocean Transit : Risks covered :

(1) Ocean Transit - ICC 'C' 2009 :

01. Fire or Explosion
02. Vessel being stranded, sunk, grounded or capsized
03. Overturning or derailment of land conveyance.
04. Collision or contact of vessel / craft / conveyance with any external

Object other than water.

05. Discharge of cargo at a port of trust.
06. General Average sacrifice
07. Jettison
08. General Average & Salvage Charges
09. Any liability arising out of "both to Blame" collision clause in the contract of carriage.

(2) Ocean Transit - ICC 'B' : 2009 : Coverage available under ICC 'C plus

01. Earthquake, volcanic eruption or lightning
02. Washing overboard of insured cargo
03. Entry of sea, lake or river water into the vessel/ craft / hold / conveyance/ container/ lift van or place of storage.
04. Total loss of package in loading / unloading.

(3) Ocean Transit - ICC 'A' 2009 : Under "Risks" Section, the clause states : This insurance covers all risks of loss or damage to the subject matter insured except those specifically excluded under the Exclusions section. In addition, ICC-A also covers General Average and Salvage charges incurred to avoid or in connection with the avoidance of loss from any cause except those specifically excluded under the Exclusions portion of the clauses plus any liability arising out of "both to Blame" collision clause in the contract of carriage.

Exclusions under ICC-A, B & C Clauses 2009 : Exclusions under all three clauses can be broadly classified under four categories and are common to A, B & C Clauses except the War exclusion:

a) General Exclusions :

1. Willful misconduct of the insured
2. Ordinary leakage, ordinary loss in weight or volume or ordinary wear and tear of cargo.
3. Insufficiency or unsuitability of packing or preparation of cargo
4. Inherent vice of nature of cargo
5. Delay, even if delay is caused by a risk insured against
6. Insolvency or financial default of the owners, manager, charterers or operators of the vessel.
7. Use of any weapon of war employing of war employing atomic or nuclear fission or fusion or other like reaction or radioactive force or matter.

b) Un-seaworthiness and unfitness exclusions

I. Unseaworthiness of the vessel or craft or unfitness of the vessels or craft provided the assured are privy to such Unseaworthiness or unfitness at the time the subject matter is loaded therein.

II. Unfitness of the container or conveyance used for the safe carriage of the subject matter where the loading is carried out prior to attachment of this insurance or by the assured or their employees who are privy to such unfitness at the time of loading.

c) War Exclusions

Specific Exclusions under ICC-B and C-Clauses only - In no case shall this insurance cover deliberate damage to or deliberate destruction of the subject matter insured or any part thereof by the wrongful act of any person or persons.

Duration (Transit) Clause under ICC Clauses 2009 : This insurance attaches from the time the subject-matter insured is first moved in the warehouse or at the place of storage (at the place named in the contract of insurance) for the purpose of the immediate loading into or onto the carrying vehicle or other conveyance for the commencement of transit, continues during the ordinary course of transit and terminates either (1) on completion of unloading from the carrying vehicle or other

conveyance in or at the final warehouse or place of storage at the destination named in the contract of insurance, (2) on completion of unloading from the carrying vehicle or other conveyance in or at any other warehouse or place of storage, whether prior to or at the destination named in the contract of insurance, which the Assured or their employees elect to use either for storage other than in the ordinary course of transit or for allocation or distribution, or(3) when the Assured or their employees elect to use any carrying vehicle or other conveyance or any container for storage other than in the ordinary course of transit or (4) on the expiry of 60 days after completion of discharge over side of the subject-matter insured from the oversea vessel at the final port of discharge, whichever shall first occur.

Delay Clause under ICC Clauses 2009: This insurance shall remain in force during delay beyond the control of the Assured, any deviation, forced discharge, reshipment or transshipment and during any variation of the adventure arising from the exercise of a liberty granted to carriers under the contract of carriage.

Insurable InterestClause under ICC Clauses 2009: In order to recover under this insurance the Assured must have an insurable interest in the subject-matter insured at the time of the loss.

Institute Fishing vessels Clause (IFVC) 1987 : Cover for Fishing vessels / Trawlers may be granted under limited conditions such as TL/CTL including Salvage charges and Sue and Labor by amending the IFVC suitably. For a comprehensive cover the IFVC dated 20.07.1987 is to be used. (a) Navigation and Removals Ashore Clause : The vessel is allowed to sail and navigate with or without pilots, go on trial trips and assist and tow vessels in distress. It is however warranted that with the exception of the catch (fish caught) the vessel shall not carry other cargo or containers for the carriage of the cargo. The insurance covers the vessel whilst ashore for repair, overhaul or refitting. If the vessels sails with the intention of being broken up or sold for that purpose, any claim for loss/damage to the vessel occurring shall be limited to the market value of the vessel as scrap, unless previous notice is given to underwriters and alternative terms are agreed.

Institute of Actuaries of India : (IAI) :IAI is a professional body established by converting the then Actual Society of India by way of enactment of the Actuaries Act, 2006. IAI is having a statutory character on the same lines as those for the professions of Chartered Accountants, Cost and Works Accountants and Company Secretaries The Objects of the IAI: (a) To promote, uphold and develop the standards of professional education, training, knowledge, practice and conduct amongst Actuaries;
(b) To promote the status of the Actuarial profession;
(c) To regulate the practice by the Members of the profession of Actuary;
(d) To promote, in the public interest, knowledge and research in all the matters relevant to Actuarial Science and its application; and
(E) To do all such things as may be incidental or conducive to the above objects or any of them.

Institute for Global Insurance Education (IGIE) : The concept of an international insurance educational institute was discussed among leaders in the field of insurance education in 1996. It was felt that a common set of standards was required for all insurance professionals. Accordingly, Institute for Global Insurance Education was set up in January 1997. IGIE is an association comprised of independent, international insurance institutes who are united by a common goal : to deliver professional education to insurance industry professionals. IGIE offers two courses that provide students with a basic knowledge of non-life and life insurance. Although, these courses do not lead to any professional designation, employment or licensing they do allow students to gain a basic understanding of insurance.

Institute of Insurance Surveyors and Loss Assessors (IIISLA): The Indian Institute of Insurance and Loss Assessors is established under Section 25 of the Companies Act 1956 on 4th October 2005. The main objects for creation the IIISLA were : (1) To promote quality in profession of Surveyors and Loss Assessors through education and training facilitate introduction of best practices amongst its members and to disseminate technical information amongst its members to upgrade their skill and knowledge. (2) To conduct Professional examinations relating to the profession of Surveyors and Loss Assessors. (3) To promote research and studies in loss control and minimization techniques and measures and share the same with Insurance Industry and general public and to update its members on application of new technologies for improving service to the users and consumers. (4) To bring out guidance notes, instruction manuals, periodicals for the use and benefit of members and others connected with the profession of surveyors and loss assessors. (5) To develop and administer code of conduct and ethics from time to time with the concurrence of the IRDA and ensure compliance of the same by its members and also ensure that the members maintain/adhere to high standards of integrity, transparency, discipline, and professional conduct. In addition, To organize, present, manage, superintend, conduct and participate at any place or places talks, lectures, seminars, conferences, and other educational and professional development functions on insurance or other appropriate or insurance related subjects like loss mitigation, loss prevention, loss assessment , and risk management and to establish, promote and maintain libraries, and reading and writing rooms, and to furnish the same respectively with books, reviews, magazines, newspapers and other publications; and to issue, print, publish and/or sell any publications, newspapers, periodicals, magazines, books, reports or leaflets that the company may think desirable for the promotion of its objects and diffuse among its members of the profession of surveyors and loss assessors information on all matters affecting the profession of surveyors and loss assessors, and to improve and elevate the technical and general knowledge of persons engaged in or about to engage in the profession of surveyors and loss assessors or any employment in connection therewith.

Institute of London Underwriters : Formed in 1884 in London the Institute holds a dominant place among marine Underwriting associations. It fostered market agreements and in general provided a forum for discussion on marine Insurance problem on national or international level. The objects of the Institute were the advancement of marine Insurance and the protection of the of the interest of companies Writing marine business by consultation and united action. The Institute was responsible for standardization of marine Insurance clauses, a matter which was delegated to the Technical and Clauses Committee, which worked in association with Lloyd's Underwriters Association and other interested bodies. At the end of 1998 the ILU merged with LIRMA (the London Insurance and Reinsurance Market Association) which was the trade association acting for non-marine insurance companies. This move was driven by companies who wrote both marine and non-marine business and saw the value in having one trade association to represent them and to act as an administrative and policy signing and accounting bureau. Thus the IUA (the International Underwriting Association of London) was set up on 1 January 1999 and all the ILU's then members ceased their membership of the Institute and became members of the IUA.

Institute Replacement Clause : Clause 372 dated 01.12.208 : This clause provides that in the event of any loss of or damage to any part(s) of an insured machine or other manufactured item consisting of more than one part caused by a peril covered then the sum recoverable shall not exceed the cost of replacement or repair of such part(s) plus labour for (re)fitting and carriage costs. Duty if any is payable if included in the amount insured.

Institute Time Clauses (Hulls) 1983 : **H&M Institute Time Clauses (Hulls) 1983** The first wet of comprehensive Hull Clauses, independent of the erstwhile S.G. form was devised and came into effect in the London market in October 1983. The widest cover for Hull and Machinery (H&M) interest is provided by Institute Tie Clauses (Hulls) dated 1.10.1983. They cover H&M on "full condition". There are 26 clauses The Indian Marine Hull market still follows the 1.10.1983 version, although the Joint Hull Committee (JHC) in London has issued revised version of ITC Hulls dated 1.11.1995. Subsequently in 2002, the International Hull Clauses were introduced which were amended in 2003 and the latest version is effective from 1.11.2003. But Indian Market is still using 1.10.1983 version only.

Institute Time Clauses (Hulls) 1995: Difference between ITC Hulls 1983 and ITC Hulls 1995 : The Hull clauses were revised in 1995. The main difference is that ITC Hulls 1995 has one more version of Restricted Perils. Other changes are (i) in Navigation Clause where two more sub clauses are added, and (ii) Introducing a new Clause CLASSIFICATION CLAUSE to impose strict duty on assured on the subject t of classification. Besides the clauses are rearranged.

Institute Time Clauses (Hulls) 1983: Hull and Machinery - Risks covered:

1. This insurance covers loss of or damage to the subject-matter insured caused by
    1. Perils of the seas rivers lakes or other navigable waters
    2. Fire, explosion
    3. Violent theft by persons from outside the Vessel
    4. Jettison
    5. Piracy
    6. Breakdown of or accident to nuclear installations or reactors
    7. Contact with aircraft or similar objects, or objects falling therefrom, land conveyance, dock or harbor equipment or installation
    8. Earthquake volcanic eruption or lightning

2. This insurance covers loss of or damage to the subject-matter insured caused by
    1. Accident in loading discharging or shifting cargo or fuel
    2. Bursting of boilers breakage of shafts or any latent defect in the machinery or hull
    3. Negligence of Master Officers Crew or Pilots
    4. Negligence of repairers or charterers provided such repairers or charterers are not an Assured hereunder
    5. Barratry of Master Officers or Crew provided such loss or damage has not resulted from want of due diligence by the Assured, Owners or Managers

Note : Masters, Officers, Crew or pilots not to be considered owners within the meaning of this clause should they hold shares in the vessel.

Explanation : Barratry is wrongful act of the Master and/or crew to the detriment of the owners of the vessel, for example, scuttling, running the vessel ashore, setting the vessel on fire, etc.
Explanation : The cover afforded by the Perils clause is the consequential loss or damage arising from the operation of the specified perils. The part that breaks is not recoverable unless the breakage of the part itself has been caused by a specified peril. For example, if the tail-shaft broke and as a consequence, damaged the propeller, only the cost of repairing the propeller will be recoverable. But if the tail-shaft broke as a result of, say, the negligence of repairers, the replacement of the tail-shaft would also be recoverable.

However, it is possible to cover Additional perils under the Institute Additional Perils Clause Hulls 1.10.1983 subject to extra premium whereby the insurance is extended to cover the cost of repairing or replacing :

(1) Any boiler which bursts or shaft that breaks
(2) Any defective part which has caused the loss or damage to the vessel

(3) Loss or damage to the vessel caused by any accident, negligence, incompetence or error of judgment of any person whatsoever.

The Additional Perils Clause however will not cover any part

(1) Which is found to be defective as a result or fault or error in the design or construction of the vessel, and
(2) That which has not caused any consequential damage.

Institute Voyage Policy : Institute Voyage Clauses cover a vessel for a particular voyage rather than a specific period of time.

Institute Warranty : A set of express warranties in a hull Policy which mainly recites the agreement of the insurer to protection the insured against some form of loss or damage.

Institute Yacht Clauses 1985 : The format is that of ITC Hulls and are for use with the MAR Policy form. An important extension on payment of extra premium is Machinery Damage Extension to include loss or damage to motor, electrical equipment and batteries caused by (a) latent defects in hull or machinery, breakage of shafts or bursting of defective part, broken shaft or burst boiler (b) Negligence of any person, but excluding the cost of making good any defect resulting from either negligence or breach of contract for repair or alteration work carried out and (c) Heavy Weather

Institutional Property : Property eligible for special treatment under package policies. Essentially these are properties occupied by sanitariums and educational, religious, charitable, government and nonprofit organizations.

Insulation : A hearting retarding material applied in outside walls, top floor ceiling, or in roof to prevent passage of heat or cold in or out of building.

Insurability : Acceptability to the insurer of an applicant for insurance. Able to be insured against. In principle one may insure against the financial consequences of any event where it is a matter of fortuity whether the event will occur or when it will occur. On cannot insure against the consequences of one's deliberate acts or where insurance would be against public policy. In practice a risk may be uninsurable where (a) the prospect of widespread loss is too great for the insurer to accept, e.g., war damage to property on land; (b) the risk is entrepreneurial, e.g., the risk of a change of fashion rendering stock unsalable; and (c) the risk is too great or unquantifiable.

Insurable Interest : Insurable interest means the legal right to insure that is to say that it arises out of a relationship between the proposer and the subject matter of Insurance. For insurable interest to exist there must be property, rights, interest, life or liability which must be insured and the insured should have a legally recognized relationship thereto. He benefits by the safety of the property or is prejudiced by its loss. Insurable interest could arise in a number of ways such as (01) ownership (02) mortgagee (03) trustee (04) Bailee, or (05) lessee. In all general Insurance contracts, other than Marine, the insurable interest must be present both at the time of taking out the Policy and also at the time of loss.That is to say the insurable interest must prevail throughout the currency of the Policy. In marine Insurance, the insurable interest must exist at the time of loss.

Insurable Risk : A risk which meets most of the following requisites (i) The loss insured against must be capable of being defined. (ii) It must be accidental. (iii) It must be large enough to cause a hardship to the insured. (iv) It must belong to a homogeneous group of risks large enough to make losses predictable. (v) It must not be subject to the same loss at the same time as a large number of other risks . (vi)

The insurance company must be able to determine a reasonable cost for the insurance. (vii) The insurance company must be able to calculate the chance of loss.

Insurable Value : (i) Full value of property being insured, measured by the valuation standard specified in an InsurancePolicy. Under a replacement cost standard, the property's insurable value is its full replacement cost; under and actual cash value standard, the property's insurable value is its actual cash value. Contrast "Actual cash value" with “Replacement cost". (ii) Amount of Insuranceapplicable to property covered, with an allowance made for specific items which are not covered.

Insurance : (i) The first preamble to the first English Marine Insurance Statute of 1601 observed that by means of Insurance "it shall come to pass that loss lighteth lightly upon many rather than heavily upon few." (ii) Insurance is a device by means of which the risks of two or more persons or firms are combined through actual or promised contributions to a fund out of which claimants are paid, (iii) Insurance is a contractual relationship which exists when one party, for a consideration. agrees to reimburse another for aloss caused by designated contingencies. The first party is called the Insurer or underwriter, the second. the insured or Policyholder; the contract is the InsurancePolicy: the legal consideration is the premium; the loss of the life or property in question is the exposure and the contingency is the happening of the insured event.

Insurance Accounting : Basics are similar to basics of other forms of accounting. However, there are certain peculiarities that make for specialization of insurance accounting (A) General Accounting : Items such as “Balance Sheet, Receipt and Payments Accounts, cash Flow Statement, and Profit and Loss Account etc will be in line with the accounting standard (AS) issued by the ICAI to the extent applicable to insurers carrying on general insurance business with 3 exceptions. The 3 exceptions are : (a) Cash Flow statement to be prepared only under direct method (b) Accounting for investments is not applicable, and (c) Segment reporting applies to all insurers. (B) Premium : Premium is to be recognized as income over the contract period or the period of risk. Premium received in advance not relating to the current accounting period to be disclosed separately under the head current liabilities. Premium reserve for unexpired risks has to be created. Premium deficiency to be recognized if the expected claim costs and related expenses exceed the related reserve for unexpired risks. (C) Acquisition Costs : Acquisition costs to be placed in the period in which they are incurred (D) Claims : The ultimate cost of claims to an insurer comprises claim under the policies and specific claims settlement costs. Claims under policies comprise the claims made for losses incurred, and those estimated or anticipated under the policies following a loss occurrence. A liability for outstanding claims shall be brought to account in respect of both direct business and inward reinsurance business. The liabilities shall include (i) the future payments in relation to unpaid reported claims (ii) Claims incurred but not reported including inadequate reserves. (E) Investments : Detailed procedure is prescribed for determining value of various investments, such as Real Estate, Investment Property, debt securities, equity securities and derivative instruments. (F) Loans : at historical costs (G) Catastrophe Reserve to be created in accordance with the norms, if any, prescribed by the authority. (H) Accounting Module : to be introduced and implemented.

Insurance Adjuster : A professionally qualified, experienced and IRDA accredited person who, for any consideration whatsoever, engages in business or accepts employment to furnish, or agrees to make, or make, any investigation for the purpose of obtaining, information in the course of adjusting or otherwise participating in the disposal of, any claim under or in connection with a proof of loss or engages in soliciting insurance adjustment business.

Insurance Advertisement : Insurance advertisement means any communication directly or indirectly related to a policy and intended to result in the eventual sale or solicitation of a policy from the members of the public and includes all forms of printed and published materials or any material using the print and or electronic medium for public communication such as (i) newspapers, magazines and sales tasks; (ii) billboards, hoardings, panels (iii) radio, television, website e-mail, portals (iv) representations by intermediaries (v) leaflets (vi) descriptive literature/circulars (vii) sales aids flyers (viii) illustrations from letters (ix) telephone solicitations (x) business cars (xi) videos (xii) faxes, or (xiii) any other communication with a prospect or a policyholder that urges him to purchase, renew, increase, retain or modify a policy of insurance.

Insurance Advertisements, IRDA Regulations on Advertisements by Insurance Companies : The IRDA (Insurance Advertisements) Regulations, 2000 seeks to regulate and control every insurance advertisement issued by the insurer, intermediary or insurance agent. For this purpose every insurer, intermediary or insurance agent is required to maintain a system of control over the contents, form and method of dissemination of all advertisements concerning its policies and such advertisement should be filed with the Authority. As per regulations every advertisement for insurance shall state clearly and unequivocally that insurance is the subject matter of the solicitation and state the full registered name of the insurer / intermediary / insurance agent. A third party or group shall not distribute information about an insurance policy, intermediary or insurer on its letterhead.

InsuranceAgent : Refer :"Agent, Composite, Corporate, Corporate Composite."

Insurance Association of India : According to Sec.64A of Insurance Act, 1938 all insurers carrying on insurance business in India will constitute a body corporate known as "Insurance Association of India." The Insurance Associate of India will consist of (01) Members : All the insurers that are incorporated or domiciled in India (02) Associate Members : All Insurers incorporated and domiciled outside India. Sec.64C of the Act provides for two Insurance Councils viz., (i) The Life Insurance Council : consisting of all the members and associate members of the association who carry on life insurance business in India, and (ii) The General Insurance Council, consisting of all the members and associate members of the association who carry on general insurance business in India.

Insurance Attorneys : An attorney who practices the law as it relates to insurance matters. Attorneys might be solo practitioners or work as part of a law firm. Insurance companies who retain attorneys to defend them against law suits might hire in-house attorneys to work for them or they might retain attorneys on an as-needed basis.

Insurance Available : Insurance that covers potential losses that would not e financially Serious.

InsuranceBroker : Refer : "Reinsurance, Broker, Direct".

Insurance Carrier : Synonym for the InsuranceCompany since it assumes the financial responsibility forthe risk of the Policy holder/s.

Insurance Certificate : A document evidencing the fact of insurance where it is convenient to have such evidence separate from the policy e.g., (1) for issue to a person covered under a group policy; (02) for shipments under a cargo cover; (03) for users of motor vehicles to produce to show that they have the third party covered required as per provisions of MV Act.

Insurance Company : Every Insurer seeking to carry out the business of insurance India is required to obtain a certificate of registration from the IRDA. (a) The applicant need to be a company registered under the provisions of the Indian Companies Act, 1956. Consequently any person intending to carry on insurance business in India would need to set up separate entity in India. (b) The aggregate equity participation of a foreign company (either by itself or through its subsidiary company or its nominees) in the applicant company cannot exceed twenty six percent of the paid up capital of the insurance company. (c) The applicant can carry on any one of the life insurance business, general insurance business or reinsurance business. Separate companies would be needed if the intent were to conduct more than one business. The name of the applicant needs to contain the words “insurance company” or “assurance company”. (d) A minimum paid up equity capital of rupees one billion in case of an applicant which seeks to carry on the business of life insurance or general insurance; two billion in case of a person carrying on exclusively the business of reinsurance. A promoter is not permitted to hold at any time more than 26 per cent of the paid up capital.

Insurance Comprehensive : A comprehensive Insurance Policy covers under a single insuring agreement all exposures within the general scope of the contract, except those specifically excluded.

Insurance Contract, Basic Principles : All general Insurance contracts are governed by the following basic principles : (i) insurable interest (ii) utmost good faith (iii) indemnity (iv) subrogation (v) Contribution (vi) proximate cause.

Insurance Contract, Defined : Insurance is a contract by which one party in consideration of a price paid to him adequate to the risk becomes asecurity to the other that he shall not suffer loss, damage or prejudice by the happening of the perils, specified to certain things to which he may be exposed."

Insurance Contract, Essential Elements : All Insurance contracts must have the following five essential elements in order that they may be enforceable at law:(i) offer and acceptance (ii) consideration (iii) consensus ad idem i.e., agreement between the parties (iv) capacity of the parties and (v) legality of the contract.

(i) **Offer and Acceptance : (Agreement**) : Under the law of contracts one party makes an offer and the other accepts the offer as a part of making a contract. This is called the agreement. Sometimes, when the first party makes an offer, the second party will not accept it but makes a counter offer. The first party can then accept the counter offer or reject it and propose another counter-offer. Eventually this Requirement of a contract will be fulfilled.

(ii) **Consideration** : For a contract to be binding there must be some form of consideration (something of value) given in exchange by the buyer to the seller. Money is the most common form of consideration given.

(iii) **Consensus ad idem**: Both parties to a contract should agree to the same thing in the same sense. the consent must arise out of common intention. There will be no consensus if either of the parties or both of them are under an erroneous impression as to some circumstances affecting the contract.

(iv) **Capacity of the parties** : Both the parties should be legally competent to enter into the contract. Mentally unsound persons, minors, etc are generally deemed incapable of entering into a contract.

(v) **Legality of the Contract** : The object of a contract must be legal for trade before a contract is enforceable. In other words if two parties agree to an illegal transaction and one party fails tolive up the agreement, the second party could not receive help from the courts to enforce the contract since the transaction was illegal.

Insurance Contract, Parts : There are five basic parts to an insurance policy contract. The first four are referred to as the "D-I-C-E" provisions. They are the followings :

D-Declarations : This component personalizes the policy to a given insured or insured. The purpose of the declaration page is to state certain facts about the parties and the contract. It contain the necessary information to identifythe insured(s), the exposure to be covered, the insurance limits and coverage provided, the rates and premium charged, the inception and expiration dates and times for the coverage the policy number and the name of the insurance agent or intermediary and the insurance company.

I-Insuring Agreement : This is a statement in broad general terms of the coverage being provided in the policy by the insurance company. The insurance agreement is then tempered by the provisions, conditionsand exclusions within the policy.

C-Conditions : Because an insurance policy is a legal contract, it is necessary to spell out the rights, duties and responsibilities of the parties involved. The conditions are the vehicle used for that purpose A condition affecting coverage may be found in any part of an insurance contract.

E-Exclusions : The exclusions limit the coverage granted by the insuring agreement to the scope intended by the insurance company for the particular policy form. It may appear to be unusual to first grant and then take away coverage to arrive at the desired specific insurance. However to spell out each kind of loss covered would be voluminous. Consequently the insurance agreement is covered in one section and the exclusions in another. It should be noted that exclusions affecting coverage may be found in part of the contract.

Endorsements : These are the fifth part of an insurance contract. Endorsements are attachments which can be added to a policy to amplify the wordings or change its meaning or to add or restrict coverage. They are used to adapt the policy to the needs of an individual insured. In Personal Accident and Health Insurance policy the endorsement form is called a "rider".

Insurance Cycle : The process whereby hard premium rates resulting in an increase in the supply of insurance are followed by soft premium rates due to the increased competition, which in turn causes, a decrease in the supply, reduced competition and a return to hard premium rates. This process occurs in all types of insurance though at different speeds and to different degrees.

Insurance Density : Insurance density is defined as the ratio of premium underwritten in a given year, to the total population (measured in US Dollars for convenience). It thus represents premium per head of population.

InsuranceDesirable : Insurance that covers potential losses that would be financially serious but would not threaten the firm's survival.

Insurance Entities : Any corporate body or individual which is operating as an insurer, reinsurer or insurance intermediary and which is subject to Insurance / IRDA regulations.

InsuranceEssential: Insurance that is either compulsory or covers potential losses that would threaten the continued survival of the firm.

InsuranceExchange : (i) Operating through an attorney- in- fact, the members of an Insurance exchange share in the exchange's profits and losses in proportion to the amount of Insurance each member purchases from the exchange (Also known as a reciprocal exchange),(ii) Market place, such as Lloyd's of London or insurance exchanges operating in several states of USA where underwriters, Agents and brokers gather to negotiate Insurance and Reinsurance.

Insurance Fraud : The presentation of a false claim to an insurer with the intent to defraud the insurer.

Insurance, Fundamental Legal Principle : In all kinds of insurance, the fundamental legal principle is that one man agrees to take the risk of another man's life and business in consideration of certain small payments which are called premiums.

Insurance, General Concept : The most general concept of Insurance is a provision made by a group of persons, each singly in danger of some loss the incidence of which cannot be foreseen, that when such loss occurs to any of these it shall be distributed over the whole group, Its essential elements, therefore, are foresight and co-operation.

Insurance, General Insurance, Classification by Type of Insurance Cover : General Insurance business is traditionally divided into Fire, Marine and Miscellaneous classes. As per Sec. 2 of the Indian Insurance Act, 1938 "General Insurance business": means "Fire, Marine or Miscellaneous Insurance business, whether carried on singly or in combination with one or more of them."

"**FireInsurance Business**" means the business of effecting otherwise than incidentally to some other class of Insurance business, contracts of Insurance against loss by or incidental to Fireor other occurrence customarily included among the risks insured against in FireInsurance policies. "

"**Marine InsuranceBusiness**" means "The business of effecting contracts of Insurance upon vessels of any description, including cargoes, freights and other interests which may be legally insured, in or relation to such vessels, cargoes and freights, goods wares, merchandise and property of whatsoever description insured for any transit by land or wear. or both, whether or not including ware-house risk or similar risks in addition or as incidental to such transit and includes any other risk customarily included among the risks insured against in marine Insurance policies."

"**Miscellaneous Insurance Business**" means the business of effecting contracts of Insurance which is not principally or wholly of any kind or kinds included in Clause (6a and 3a)."

(Note : Clauses 6a and 13a define Fire and Marine Insurances respectively).
Miscellaneous Insurance includes in its scope all non-Fire and non-Marine business, namely Motor, Burglary, Personal Accident, Fidelity Guarantee, Cattle, Agricultural Pump Set, Crop, Workmen's Compensation, Liability, Aviation, Engineering, Guarantee, Professional Indemnity, Cash, Bankers Blanket, Health and all such other Insurances.

Insurance, General Insurance, Classification by Type of Insurance Cover: Insurance Policies underwritten in non-life insurance can be broadly classified on the basis of perils covered such as (a) Named Perils Cover (b) Multi-Peril Cover (c) All Risks Cover (d) Special Cover.

a) **Named Peril Policy, Multi Perils Cover** provides coverage on loses incurred to property from perils or events named in the policy. It contains conditions which cover what the insurer thinks is the most likely perils, either a single peril or a multi-peril. Under single-peril if the damage or loss occurs by a peril not mentioned in the policy, then there is no coverage for it. The policy has standard terms, exclusions, conditions and deductibles. Standard Fire and Special Perils Policy, Motor Comprehensive Policy etc can be examples of named perils policy. Can be further classified as those with basic covers and those with add-ons.

b) **All Risks Insurance Cover :** An “All Risks” policy covers any risk which the contract does not specifically exclude. All Risks covers direct physical loss or damage to the property insured unless the policy specifically excludes or limits the coverage. It is not necessary to name or list the insured perils since the intent is to cover all risks of damage or loss due to accidental circumstances..

c) **Special Cover or Package**: A policy which combines two or more types of insurance covers into one policy. Commercial insurers sell insurance covers separately and offer policies that combine protection for major property and liability risks in one package. General package policies are created for business that face same kind and degree of risk. Package policy could also be applicable to various segments of customers and include Householders' Comprehensive Policy, Shopkeepers Comprehensive/Package Policy, Office Package / Umbrella Policy etc.

d) **Customized Insurance Policies** : Usually known as Customized Policies, Special Contingency Policies or tailor made policies. The need of such policies arise when existing products of insurers do not meet the insured's requirements. Policies are usually rated individually rated risks as per the "File and Use" guidelines of IRDA. Usually policies are customized for those risks not covered in the list of standard policies, new covers to be insured in addition to existing covers such as Standard Fire Policy supplemented by peril of "Accidental external means", Event insurance like that for a cricket match where any of the "man-made " or " Acts of God" perils may result into personal injury, property damage as well as loss of revenue. Personal forms of customized policies such as covering a footballer's legs or a pianist's fingers and hands. Tailor made Health Insurance Policy.

e) **First Loss Policy** : A first loss policy is a property insurance cover in which the policy holder arranges cover for an amount below the full value of items insured and for this the insurer agrees not to penalize him for under insurer.

f) **Declaration Policy** : Usually issued on stock which are subject to market fluctuations in quantity. Insured is required to take the policy for the highest sum insured that he predicts during the year and pay a provisional premium. The insured has to declare periodically the actual values of stocks. These values are added on the expiry of the policy and premium calculated on average of the values with provision for adjustment of premium. Refund of premium is subject to retention of a minimum per cent age usually 50% of provisional premium paid.

g) **Floating Policies** : When insured is not able to declare separate value of stock in each godown but is able to declare the total value. Policy covers in one sum stocks stored in different specified godowns. Policy can also be issued combined Declaration and Floating Policy.

Insurance, General Insurance Business : Classification on the basis of subject matter of Insurance :

a) **Insurance of Property** : Here, property, which has intrinsic value of its own is insured against loss or damage by various perils such as Fire, burglary, accidents, etc.

b) **Insurance of Liability** : Legal liability to third parties, legal liability to employees etc. Insurance provides protection against financial loss caused by incurring legal liability through negligence or by reasons of statutory law.

c) **Insurance of Persons** : Personal accident, Mediclaim, Bhavishya Arogya and like Insurances. Here, Insuranceprovides for payment of fixed benefits in the event of death, disablement or disease of the insured due to an accident or disablement due to illness.

d) **Insurance of Pecuniary Losses** : Loss of Profit Policies, and Fidelity Guarantee policies. Loss of profit policies provide protection against certain consequential losses that result from material damage. Fidelity guarantee polices pay for financial losses suffered by the insured due to acts of dishonesty of his employees.

e) **Combination InsurancePolicies** covering more than one subject matter : Some policies are combination of property Insurance, liability Insurance, Insurance of persons and also covering pecuniary losses. For example, Shopkeepers' Insurance, Householders' Insurance etc.

Insurance Hall of Fame : An institution created to honor those who have made outstanding contributions to insurance through and practice. Selections are made on an international basis.

Insurance in Force : The annual premium payable on current contracts of insurance under health insurance policies.

Insurance Information Bureau of India (IIB) : IIB was set up by IRDA in 2009 with participation of all stakeholders in insurance with special emphasis on the use of analytics in the industry for better structuring and pricing of policies. The IIB is collating data from the industry and then analyzing them. IIB would become self-reliant after a certain time once it started to sell analyzed information to the insurance companies both in India and abroad. The Bureau provides a bundle of services related to motor insurance to multiple stakeholders such as public, police, transport departments and insurers through its service package titled V- Seva. The services are call centre-, SMS- and web-based and provide information regarding insurance status of the vehicle, stolen vehicles, ownership of recovered vehicles, accident record etc. IIB handles the Central Index Server which acts as a nodal point between different Insurance Repositories and helps in de-duplication of demat accounts at the stage of creation of a new account. The Central Index Server also acts as an exchange for transmission/routing of information pertaining to transactions on each policy between an insurer and the insurance repository.

Insurance Information Institute, New york, Ny : Educational and public relations organization for all lines of Insurance, except life and health.

Insurance Institute of America, Inc (IIA) Malvern, PA: Non-profit educational Institute that develops and administers programs leading to designation in risk management, claims, Underwriting loss control and other Insurance functions.

Insurance Institute of India (III) : The Insurance Institute of India formerly known as Federation of Insurance Institutes (J.C. Setalvad Memorial) was established in the year 1955, for the purpose of promoting Insurance Education & Training in the country. Institute qualifications are held in esteem both by the regulator and the industry. To impart systematic insurance education, training and creating avenues for research and development in the field of insurance and insurance auxiliary services thus developing highly efficient and skilled insurance professionals to serve the humanity in India and abroad. III has almost become a hub of Insurance, Health, Actuarial and Risk Management education in Afro-Asian Countries and raise the bar of efficiency and knowledge across the insurance industry. III is also providing cutting-edge research, documentation, dissemination of information to individuals, corporate, regulators and millions of users of insurance.

The Institute conducts Licentiate, Associate ship and Fellowship Examinations covering more than 50 subjects. The Institute also conducts examinations for specialized diplomas in Fire, Marine, Health, Life Insurance Underwriting & Foundation of Casualty Actuarial Science, Certificate course on Foundation of Casualty Actuarial Science and Certificate Programme in Advanced Insurance Marketing. The Professional Examinations are conducted offline as well as Online. Insurance Institute of India is recognized by IRDAI as a training center for pre/renewal licensing training for Brokers, Insurance Marketing Firms (IMF) Corporate Agents and to conduct exam for PO/SPs of Corporate agents.

Insurance Ombudsman : Refer : "Ombudsman."

Insurance Penetration : Insurance penetration is defined as the ratio of premium underwritten in a given year, to the gross Domestic Product (GDP).

InsurancePolicy : A contract under which an Insurer, in exchange for premium, provides financial and other protection in the event the insured suffers a loss.

Clauses in a Policy–

1. **The Recital Clause** : Refers to the contract, the Insurer and the insured and also the consideration under the contract.
2. **The Operation Clause** : Defines the perils covered under the Policy and the liability of the Insurer under the contract.
3. **The Attestation Clause** : Provides for the signatures of the Insurers.
4. **The Conditions Clause/s** : Regulate the cover provided under the Policy.
5. **The Schedule** : Schedule is the space provided in the Policy for describing the property insured in detail including the period of cover.

InsurancePremium : Charge by the InsuranceCompany to individual or Company for the Insurance contract. The premium reimburses the InsuranceCompany for the risk they have assumed.

Insurance, Primary Function : The primary function of Insurance lies in the elimination of the uncertain risk of loss from the individual through the combination of a large number of similar exposed individual through the combination of a large number of similar exposed individuals who each contribute to a common fund premium payments sufficient to make good the loss caused to any one individual.

Insurance Product : An insurance product is defined as a product that is provided by an insurance company.

Insurance, Quota Share : Refer : "Reinsurance, Quota Share."

InsuranceRate : The ratio of the Insurance premium to the total amount of Insurance carried thereby. Usually expressed in rupee; sometimes in percentage or per mille.

Insurance Regulatory and Development Authority of India : Insurance Regulatory and Development Authority of India (IRDAI) is an autonomous apex statutory body which regulates and develops the insurance industry in India. The Insurance Regulatory and Development Authority was established in the year 1999 by the Indian Government, for two significant reasons-to safeguard the interest of the policy holders and for the up gradation of the entire insurance sector right from the approach adopted by the existing insurance companies towards their shareholders to the eradication of the shortcomings of the industry. The Insurance Regulatory and Development Authority has been authorized to registerthe new insurance companies in India as well renew the Registration of existing Insurers in India.

Insurance Regulatory and Development Authority of India, Act : Refer : "Acts, Insurance Regulatory and Development Authority of India, 1999."

Insurance Repository : An Insurance Repository is a facility to help policy holders buy and keep insurance policies in electronic form, rather than as a paper document. Insurance Repositories, like Share Depositories or mutual fund Transfer Agencies, will hold electronic records of insurance policies issued to individuals and such policies are called "electronic policies" or "e Policies". The Insurance Regulatory and Development Authority had issued licenses to five entities to act as Insurance Repositories : However, SHCIL Projects Limited surrendered its Insurance Repository license in September 2015 and the remaining four who are working are (i) CDSL Insurance Repository Limited (CDSL IR) (ii) Karvy Insurance repository Limited (iii)

National Insurance-policy Repository by NSDL Database Management Limited and (iv) CAMS Repository Services Limited.

InsuranceRisk : A general or relative term denoting the hazard involved in the insuring of property. The premium or cost of Insurance is Insurance is predicated upon the relative risk or hazard considered to be involved.

InsuranceSalesman : An employee of an InsuranceCompany who sells Insurance.

Insurance, Self : A special case of planned retention - not Insurance. Exposures must be numerous enough for the loss experience o be fairly predictable.

Insurance Times, Journal : The only monthly journal of Insurance published in India from Calcutta.

Insurance to Value : (i) Property Insurance equal, or almost equal, to the full insurable value of the property. (ii) Amount of property Insurance needed to comply with a Coinsurance requirement. Refer : "Coinsurance."

Insurance Training Centre, Calcutta : A leading training center on various faculties of Insurance. The center organizes various training programs for the Insureds, their employees, Agents, surveyors and other professionals to learn all aspects of Insurance, risk management, safety, loss prevention/minimization and claims procedure.

Insurant : Nineteenth century term for one who obtains an insurance.

Insuratization : The process of utilizing an insurance coverage agreement as a hedge against specific monetary risks. Samples of such dangers range from the price of recycleables, money changes, and investment profile volatility. Previously, insurance was considered relevant to simply pure risk (reduction or no reduction). Increasingly, insurance will be familiar with hedge the possibility of "no profit" besides.

Insurative : Insurative is defined as “any corporate capital resource be it debt, equity, insurance, derivative, contingent capital or any other.”

Insurative Model : Defines total average cost of capital (TACC) TACC = ((Cost of Debt x Debt value / firm value) + (Cost of equity x Equity value/firm value) + (Cost of Insurance x Insurance value / firm value). This model helps determine how capital can be used to increase efficiency by using all sources of capital “Insurative” recognizes that each form of capital carries some risk of the firm and can therefore be thought of as insurance or a derivative.

Insure : (01) To grant an insurance (02) To obtain an insurance.

Insured : Party to an Insurance contract to whom the Insurer agrees to indemnify losses, provide benefits, or render services. Although this term is preferred to use of Policyholder, Policy owner and assured, these other terms may have special meanings defined in particular Insurance policies.

- **NamedInsured** : Person, corporation, other entity or any member thereof, specifically designated by name as the insured(s) in a Policy, (others may be protected as insured when member of classes are specified in an InsurancePolicy even though their names do not appear in the Policy, but they are not, therefore, named Insureds).
- **Named Insured, First Named Insured** : An insurance policy may have more than one party named as insured. In such cases, the first named insured attends to policy “housekeeping,”

i.e., pays premium, initiates (or receive not of) cancellation, or calls for interim changes in the contract. This is spelled out in commercial policies in the "common policy conditions."

Insured Contract : A definition which shapes the extent of contractual liability coverage by describing the types of contracts which are insured. On modern liability policies, "insured contract" includes leases of premises, sidetrack agreements, elevator maintenance agreements, easement agreements and other agreements related to the insured's business.

Insured's Declared Value, Motor : Refer "Motor, Insured's Declared Value".

Insured Value : The value expressed in a Policy as being the agreed value of the property insured, and on which all claims will be based.

Insurer : (i) Party to an Insurance contract who promises to pay losses or render service. (ii) A body or person authorized to sell Insurance. It is desirable to use the word "insurer" in preference to "carrier" or "company" since it is a functional word applicable without ambiguity to all types of individuals or organizations performing the insurance functions. The word insurer is generally used in statutory law.

a. **Insurer, Captive** : In its pure form, an Insurer owned by a parent corporation which is also its only customer. One way of funding a retention program.

b. **InsurerAssociation or Group Captive** : A captive Insurer owned by an association or group that insures only members of the association or group.

c. **Insurer, Direct Writer** : An Insurer that markets its services through its own employees.

d. **Insurers, Group of** : Two or more Insurers operating as a team under common ownership or management.

e. **Insurer, Independent** : An Insurer that sets its own prices. An independent Insurer does not use the rates developed by a rating bureau.

f. **Insurer, Independent Agency** : An Insurer that markets its services through independent Agents who may represent many Insurers.

g. **Insurer, Mutual** : A cooperative Insurer owned by its Policyholders.

h. **Insurer, Participating** : An Insurer whose Policyholders participate in the experience of theInsurer through dividends, assessments, or both.

i. **Insurer, Stock** : A proprietaryInsurer owned by stockholders who elect a board of Directors.

I.S.O. : International Standard Organization also referred to as the International Organizational for Standardization.

Insuring Agreement : That part of an Insurance Policy which states in general terms the agreement of the Insurer to protect the insured. Refer : "Insurance Policy."

Insurrection : A rising of people against established authority with the object of supplanting it.

Integrated Carrier : Forwarder which uses own aircraft, whether owned or leased, rather than schedule airlines.

Integration : A coordination of disability benefits with benefits payable under Social Security, through a specific formulae.

Intellectual property : Ownership of the legal rights to possess, use or dispose of products created by human ingenuity including patents, trademarks and copyrights.

Intentional Injury : An injury resulting from an act, the doer of which had as his intent, inflicting injury. In an accident insurance contract, an intentionally self-inflicted injury is not covered (because it is not an accident). In general, intentional injuries inflicted on the insured are covered (assuming no collusion).

Inter Depot Movement : Movement of cargo from one department.

Inter Line : Mutual agreement between airlines to link their route network.

Inter Se : Between themselves.

Inter Vivos : Between living persons.

Inter Vivos Transfer : Transfer of all or a portion of the assets of a person's estate while that person is still alive.

Interest : (i) The relationship of the assured, or reassured, to the subject matter exposed to risk. (ii) The sum paid for use of money, a participation. (iii) A property in land or chattels used in conjunction with the terms, right, estate and title.

Interest or No Interest : Phrase at one time used in Marine Insurance Policy where it was doubtful whether the insured had insurable interest. A policy made with these words is deemed to be a gaming or wagering contract and is void.

Interest Rate Risk :A risk faced by investors who invest in bonds characterized by an individual being locked into a lower interest rate when interest rates are generally increasing in the economy.

Interest, Post Judgment : Money the plaintiff would have earned if the favorable judgment had been paid at the time of the first judgment, instead of at a later due to an appeal.

Interest, Pre Judgment : Money the plaintiff would have earned if the favorable judgment had been paid at the time of injury or damage instead of at a later date when a judgment is made.

Inter-Locutory : Incidental, partial or interim in the course of legal proceedings.

Intermediary : Any person who, or organization which, gives advice by way of directly offering, advertising or on a person-to-person basis in respect of an insurance product and includes the promotion of such a product or the facilitation of an agreement or contract between an insurer and a customer. Intermediaries are generally divided into several classes. The most common types are "Agents" (which generally include Corporate Agents and sub-agents) who represents the insurer and "Brokers" who represent the buyer in dealings with the insurer. (ii) A reinsurance broker who negotiates contracts of reinsurance on behalf of the insured. These Transactions normally take place with those reinsurers that recognize brokers and pay them commissions on reinsurance premiums ceded.

Intermediate : Referring to the capacity to go from ship to train to truck or the like, the adjective generally refers to containerized shipping or the capacity to handle same.

Intermediate Care : A level of care associated with a skilled nursing facility which provides nursing care under the supervision of physicians or a registered nurse. The care provided is a step down from the degree of care described as skilled nursing care.

Intermediate Care Facility : A facility licensed by the appropriate authority which provides nursing care to persons who do not require the degree of care which a hospital or skilled nursing facility provides.

Intermediate Disability : Refer : "Temporary Partial Disability", and "Permanent Partial Disability".

Intermediate Report : A claim report on the condition of a continuing disability.

Internal Rate of Return Method : A capital budgeting method under which the financial manager first calculates the discount rate that would equate the present value of the net cash inflow with the amount of the investment. If this discount rate is less than the firm's cost of capital or some other desired minimum return, the investment is not worthwhile. If the discount rate equals or exceeds this desired minimum return. The investment may be worthwhile but its internal rate is return must be compared with the corresponding returns on other possible investments.

Internal Risks Policy : A policy for a Motor trader with special reference to his liability for loss or damage occurring on his premises.

International Air Transport Association (I.A.T.A) Association formed in 1945, following the Chicago Convention of 1944 The main objects of the Association are :(a) to promote safe, regular and economical air transport for the benefit of the world, to foster air commerce, and to study the problems connected therewith; (b) to provide means for collaborating among the air transport enterprises engaged directly or indirectly in international air transport services; and (iii) to co-operate with International Civil Aviation Organizations and other international organizations.

International Association of Health Underwriters : An association of agents and related personnel on the Health Insurance Business.

International Association of Insurance Supervisors (IAIS) : IAIS is the forum which represents the Association of Insurance Regulators worldwide. IAIS represents Insurance Regulators an Supervisors of some 190 jurisdictions in nearly 140 countries, constituting 97% of the world's insurance premiums. IAIS has drafted insurance core principles (ICPs), which provide the globally accepted framework for insurance sector. This has become a guidance document for the insurance regulators globally and the level of development of regulatory framework in a country is measured with reference to the benchmarks set by IAIS in the form of core principles.

International Civil Aviation Organization (I.C.A.O.) This organization was formed by the Chicago Convention with the object to develop the principles and techniques of international air navigation and to foster the planning and development of international air transport.

International Hulls Clauses : A revised set of Hull Clauses was introduced by the Joint Hull Committee on 1.11.2002 but certain amendments were made and the final version become effective from 1.11.2003 covering the Hull and Machinery. The Institute Time Clauses have been renamed to International Hull Clauses. The provisions contained in the 1983 and 1995 versions are more or less he same. However, they have been updated to reflect current practices. The wordings are changed for more clarity and clauses have been rearranged in a more logical order.

International Insurance Seminars, Inc. (IIS) : An institution established to promote worldwide exchanges of ideas and techniques between insurance people. The major focus of IIS is its annual seminar which brings together academicians and insurance practitioner.

International Maritime Bureau : To answer to the problems of international maritime frauds a non-governmental body known as the International Maritime Bureau was formed in London in 1981. Four preventive functional services are being offered by the Bureau (i) education service to supplement members' present training programs on the prevention of maritime fraud; (ii) providing a general information through the regular publication of a bulleting containing latest developments in various parts of the world ; (iii) advisory services on whether potential trading partners are known to have previously been involved in fraudulent or suspect practices; and (iv) authenticating trading documents for banks and others that may need such assistance.

International Oil Insurers : A voluntary association of insurer who have pooled their resources to write for common account a specialized class of insurance related to the oil, gas and petrochemical industries.

International Risk Management : The management of the domestic and foreign loss exposures of a business with international operations. Businesses vary in the degree to which they centralize the management of these risks.

International Salvage Union (I.S.U.) : The International Salvage Union is the global trade association representing marine salvors. Apart from attending to casualty at sea, salvors are also engaged in wreck removal, cargo recovery, pollution defense, towage and related activities.

International Underwriting Association of London (IUA) : IUA represents companies that trade in the London insurance market outside Lloyd's. They include branches or subsidiaries of nearly all the world's largest international insurance and reinsurance companies. The IUA provides a forum for discussing market issues and providing technical support to practitioners. IUA members collectively own a 25% share of Xchanging Ins-sure Services (XIS), the provider of back office processing services to the London market. The IUA was formed in January 1998 from the merger of the London International Insurance and Reinsurance Market Association (LIRMA) and the Institute of London Underwriters (ILU). The main stated reason for the merger was the desire to give the London company market a single voice in dealings with government, regulators and other insurance bodies. The association has always made reform of the London market a top priority, especially the replacement of out-of-date processes and increased use of technology to conduct business. This led in 1999 to the creation of the IUA-Lloyd's Forum. This soon expanded to include brokers and eventually evolved into the London Market Group, which is still active today.

International Union of Aviation Insurers : An organization founded in 1934 by leading aviation underwriters with he objectives (i) to constitute an official body to speak and negotiate on behalf of aviation Insurance interests ; (ii) to provide a central office for the circulation of information between members; (iii) to co-operate for the better regulation and conduct of aviation; and (iv) generally to do all such things as may be beneficial to the development and conduct of aviation branch of Insurance.

International Union of Marine Insurers : The Union was constituted in Germany in 1874 with founder members who were Swedish, German. Austrian and Russian. The prime objective of the Union are to safeguard and develop marine Insurance interest by providing a forum for advancement of constructive propositions for improvement of

business and also providing opportunities for making contracts between markets and exchange of information.

Interpleader : A legal procedure whereby if more than one person lays claim to property the party, such as the insurer, who is liable to one or the other, may ask the court to decide which.

Interrogatories : A procedure for gaining evidence which involves one party submitting questions to the other party in order to gather facts and information to prepare for a trial.

Interruption Hazard : The various features, whether inherent or extraneous, that contribute to the possibility of interference with the trading of a business in the period after damage has been caused by an insured peril.

Interruption Insurance : The insurance of loss consequential on the interruption of business by an unforeseen event such as a fire or a breakdown of machinery.

Interstate Carrier : A transportation company which does business across state lines.

Intervening Cause : A possible defense against negligence. Negligence may be avoided or reduced if it can be shown that an intervening cause broke the uninterrupted chain of events required to establish a proximate cause.

Intestate : Leaving no will at death.

Intimidation : The use of undue pressure or force to obtain what may appear to be consent. A contract procured by intimidation or force is void.

Intruder Alarm : An alarm that gives warning of entry to the premises or some part of them.

Intoxication, State of : The expression suggests a condition more grave and more extreme than that which is suggested by such words as 'drunk' or under the influence of drink'. The distinction should be clearly kept in mind. A person may be under the influence of liquor and yet not in a state of intoxication. If as a result of taking liquor a person's physical and mental acuities were appreciable and materially impaired in the conduct of his ordinary affairs or acts of daily life, he must be held to be in a state of intoxication.

Intrastate Carrier : A transportation company whose business is confined to one state.

Inundation : Submergence (i.e. to sink under the surface of liquid). The rising of a body of water and its overflowing onto normally dry land.

Invalidity : Social security term for physical or mental disability.

Inventory and Valuation Clause : The clause provides that an inventory and valuation of the contents should be carried out by a professional valuer and the value set opposite to each item by the valuer is accepted as the value of the property on the date of valuation and the claims would be settled without insisting on any other evidence as to value or cost. This clause, however, provides that a reasonable allowance for appreciation or depreciation of the value should be allowed within the limit of the sum insured.

Investment : Property, Stocks and Shares. Money invested to earn interest. Investment is the productive employment of capital under conditions that provide reasonable assurance of both income and the repayment of the capital.

Investment Income : The return received by insurers from their investment portfolios including interest, dividends and realized capital gains on stocks. It doesn't include the value of any stocks or bonds that the company currently owns.

Investment Insurance : Insurance for an investor against loss of value os his investment through expropriation or the like.

Investment Policy : The Policy of productive employment of capital with due regard to safety and fair return of capital employed.

Investment Reserve : An item in the balance sheet of an insurance company which represent a setting aside of assets to compensate for a possible reduction in the market value of securities owned by the Company.

Investments in Affiliates : Bonds, stocks, collateral loans, short-term investments in affiliated and real estate properties occupied by the company.

Invitee : A person having an express or implied invitation to enter a given location. Also called a business visitor, an invitee is a person invited, expressly or impliedly, to come on to the land of the possessor for the business advantage of the possessor.

Inwards Reinsurance : Refer : "Reinsurance, Inwards"

Irrespective of percentage : A term in a Marine policy providing that the insurers will pay claims however small the percentage of loss.

Irrevocable Beneficiary : Beneficiary designation allowing no change to be made in the beneficiary of an insurance policy without the consent of the named beneficiary.

Irrevocable Letter of Credit : A letter of credit with a fixed expiration date that carries the irrevocable obligation of the issuing bank to pay the exporter when all of the terms and conditions of the letter of credit have been met.

Irrevocable Trust : A trust that cannot be altered by the person who created the trust.

Item : (i) A term used to identify a statement in a policy as to what is insured. In a Fire policy one might refer to the contents item, meaning the coverage in the policy which applies to the contents. (ii) An individual entry, such a piece of jewellery, listed with its description and valuation on a schedule by a policy showing items covered.

J

Jacket : Cover page of an Insurance Policy containing provisions applicable to all coverage parts attached to the jacket. The jacket and the coverage parts together constitute a complete Policy.

Jald Rahat Yojana (Settlement of Motor Accident Related Cases through alternative forum) : The legal Services Authorities Act, 1987 provides for organizing of Lok Adalat by the Legal Services Committees at various levels to determine and arrive at a compromise or settlement between parties to a dispute in respect of any case pending before any court for which the Lok Adalat is organized. The Insurance industry has also established Claims Conciliation Committees and Jald Rahat Yojana which enables negotiated settlements. The award by these would not carry any interest. Thus, the settlement through the above enable the companies to save the interest and administration charges.

Janata Personal Accident Insurance : Refer : "Personal Accident, Janata Personal Accident Insurance."

Janson Clause : A clause applying an excess to a marine insurance policy**.**

Jeopardy : Peril, danger.

Jettison : The term related to property i.e., part of a vessel's cargo or hull that is thrown overboard in time of peril to save the adventure from a ship from sinking thereby making it a total loss.

Jewellers' Block Insurance : A Jewellers Block Policy is specially devised for Jewellers i.e., those establishments dealing solely in jewellery and diamonds either for retail or wholesale marketing. The Policy covers property (i) jewellery, gold or silver ornaments or plate, pearls and precious stones, materials usual to the conduct of insured's business and bank notes or scrip - whilst these are in the insured's premises or are in bank lockers, or are in transit by land water or air, in India: (ii) trade and office furniture and fixtures in the insured's business premises. The risks covered are for the property described against item (ii) above and that described against item (i) above which is on insured's premises or in bank lockers - Fire, lightning, explosion, burglary, housebreaking and theft. The property under item (i) whilst in trust by land, water or air in India is covered against all risks other than those which are specifically excluded by the Policy.

Jewellery Floater : An all risk policy covering listed jewellery. Usually each item is described and insured for a specific amount.

Joint and Several Liability : A judgment obtained against multiple tort feasors that may be enforced against the tort feasors collectively or individually; permits the injured party to recover the entire amount of compensation due for injuries from any tort feasor who is able to pay, regardless of the degree of that party's negligence**.**

Joint Cargo Committee : A committee of Lloyd's and Insurance Company underwriters which discusses problems relating to marine cargo insurance makes recommendations to the market.

Joint Control : Control of the handling of an estate by both the Surety (bonding company) and the Fiduciary (administrator, executor, etc.). Funds are kept in joint accounts, and disbursements made only with both signatures so the Surety can assure itself that the affairs of the estate are being handled properly.

Joint Hull Committee : The Joint Hull Committee in London, comprising representative underwriters from Lloyd's and member companies of the Institute of London Underwriters, is responsible for the structure of the Joint Hull formula, which is a basis recommended for rating for hulls.

Joint Hull Returns Bureau : A bureau which approves applications by ship owners for returns of premiums as when a ship is laid up.

Joint Hull Survey : A survey of a ship carried out jointly by a surveyor on behalf of the insurer and a surveyor on behalf of the insured.

Joint Hull Understandings : Formula comprising of premium figures and claims in respect of hull fleets for arriving at renewal premium for hull Insurance.

Joint Insured : One or two or more persons whose names or interests are insured under the same or identical contracts.

Joint Liability : Liability for which more than one person or Company share responsibility.

Joint Ownership : A form of legal ownership in which two or more persons are co-owners and in which the property passes to the survivor automatically if one should die; property held jointly does not enter into a decedent's estate for probate purposes and does not pass under will.

Joint Tenancy : Ownership of property shared equally by two or more parties under which the survivors assumes complete ownership. This is a different from a tenancy in comment where the heirs of a deceased party to the tenancy inherit his or her share.

Joint Underwriting Association (J.U.A.) Unincorporated association of Insurers formed to provide a particular type of Insurance often not readily available in the voluntary market. Those insured by a UA pay assessments in addition to their premiums to pay for the operation of the association.

Joint Venture : A form of business partnership involving joint management and the sharing of risks and profits between enterprises sometimes based in different locations.

Joisted Masonry Construction : A building which has exterior walls constructed of masonry materials such as adobe, brick, concrete, gypsum block, hollow concrete block, stone, tile or other similar materials and a roof and floor constructed of combustible materials. A floor which rests directly on the ground is an exception and may be disregarded.

Jouissance Security : A security issued by a joint stock company that does not give the holder the status of a shareholder but entitles him to a share in the profits of the Company or in the proceeds of a winding up, etc.

Judgment or Decree : The conclusion of the law, delivered by a court of justice or other competent tribunal. Also means an adjudication for the payment of money.

Judgment Rates : Rates established by the judgment of the underwriter without application of a formal set of rules or schedule.

Judicial Bond : A surety bond required in court proceedings.

Jumbo Risk : An exceptionally large Policy or risk.

Jurisdiction : The power to hear and determine causes.

Justice of the Peace Bond : Bond issued to judicial officers of inferior rank who hold courts not to record and are limited in civil and criminal jurisdiction. The bond covers the faithful performance of the ministerial functions and not his judicial function.

Just-in-Time (J.I.T.) : The principle of production and inventory control in which goods arrive when needed for production or use.

Jute Clauses : The cover is similar to Institute Commodity Trades Clauses (B) with the following main differences : (b) Earthquake, volcanic eruption and lightning are not covered. (b) The cover attaches only when jute is loaded on board the vessel. The time limit of 60 days after discharge at the destination port is reduced to 30 days in jute clauses. (c) In the termination of contract of carriage clause, the time limit is reduced from 60 days to 15 days only.

K

K.O. : Keep of : Do not insure this.

KD Flat : An article taken apart, folded or telescoped to reduce its bult at least 66-2/3% below its assembled size.

Keeton-O' Connell Plan : A plan of Auto Insurance reparations devised by Professors Robert Keeton and Jeffrey O' Connell which was the forerunner of No-Fault Insurance Plans. Also Refer, "No Fault Insurance).

Kelly Tool : Forcible entry tool similar to claw tool but having an added blade (a tool used by carpenters to trim or smooth wood) at the top and forked blade at the bottom. The Kelly tool is a tool used in fire and rescue service for forcible entry and other prying and striking tasks.

Kenney Ratio : A rule proposed by Roger Kenney which suggests that to insure solvency, property and liability insurers should not write insurance premiums equal to more than twice their capital and surplus.

Key and Record Clause : Cash in Safe insurance contain "Key Clause – Refer "Key Clause". In addition it stipulates that "A complete list of the amount of cash in safe should be kept secure in some place other than the safe and the liability of the insurer is limited to the amount actually shown by such records."

Key Clause : Cash in safe Insurance is subject to this clause which stipulates that the loss of cash abstracted from the safe with the use of original or any duplicate key is not covered, unless such key is obtained by violence or threats of violence or through means of force.

Key Employee Insurance : (01) Insurance on the life or health of a key employee, the loss of whose services would cause an employer financial loss. The policy is owned by and payable to the employer. (02) In Health insurance the term is also used to designate Salary continuation insurance or a medical benefit plan payable to the key employee himself, with the employer paying all or part of the premium

Key person : An officer, employee or other person is a firm who possesses skills, knowledge or other qualities difficult to replace.

Key Person Insurance : Insurance designed to protect a business institution against the loss of income resulting from the death or disability of a key employee.

Key Person Loss : Loss of the service of a key person through death, disabling injury, disease or resignation which may result into major financial problems for the firm losing its key person.

Key Person, Indian Insurance Company : IRDA defined "key persons" include the chief executive officer, chief marketing officer, appointed actuary, chief investment officer, chief of internal audit, chief finance officer, chief risk officer and chief compliance officer of insurance companies.

Kidnap/Ransom/Extortion Insurance : (i) Insurance which indemnifies, or pays on behalf of the named insured, money surrendered as ransom for specified individuals or

classes of persons, or to prevent threatened physical damage to property of the insured. (ii) Insurance against the hazard of a person being seized outside the insured premises and forced to return and open the premises or a safe therein, or give information which will enable the criminals to do so. (iii) Insurance is written primarily for financial institutions and covers named employees for individual or aggregate amounts paid as ransom, with deductible requiring the insured to participate in about 10% of any loss. Only a few market write this type of coverage and there is no standardization of rates.

Kidnapping Coverage : Insurance against the hazard of a person being seized outside the insured premises and forced to return and open the premises of a safe therein or to give information which will enable the criminal to do so. This has frequently been one of the perils covered under a package crime policy.

Kinne Rule : A formula for adjusters' use in non-concurrent Policy loss apportioning.

Kiosks as a Distribution / Marketing channel of Insurance : Certain Insurance Companies have come out with Kiosks at Airports, Railway Station, Prominent Shopping Malls for marketing of simple insurance products or renewal of simple insurance products such as Motor Insurance for 2 wheelers, private cars, personal accident insurance up to certain amount, flight coupons, travel insurance. By way of Kiosks they sell insurance policies issued over the counter at Kiosks itself.

Kisan Agricultural Pump set Insurance : The Policy applies to Centrifugal Pump sets (Electrical and Diesel) and submersible pump sets up to prescribed HP capacity used for Agricultural purposes only. Pumps of higher capacity are usually insured under Engineering Insurance Policies. This policy cover loss and/or damage to Pump set due to fire and or lightning, theft, burglary (due to violent forcible entry and provided the pump set is kept in a locked enclosure), mechanical/electrical breakdown, Riot, Strike, Malicious Damage, Terrorism. Policy can be extended to cover Flood etc perils at an additional premium. The exclusions are normal wear and tear, gradual deterioration due to atmospheric conditions, willful act or gross negligence, loss or damage for which the manufacturer or supplier is responsible, cost of dismantling, transport to workshop and back as also cost of re-erection. Submersible Pump set may also be covered under the scope of the policy in which case the perils of burglary shall be extended to cover waiving normal lock and key clause.

Kit : A portfolio or travelling case that has been equipped with annuals, forms, applications and various other sales aids such as advertising, charts, diagrams, and other related material so that an Insurance Agent or development staff may make a more efficient sales presentation.

Kiting : Technique of drawing cheques against deposits that have to clear through the banking system. Kiting takes advantage of the time needed for cheques to clear and permits the Kiter to use funds that are not his.

Knock Down : An article taken apart, folded or telescoped in such a manner as reduce its bulk at least 33-1/3% below its assembled bulk.

Knock-for-Knock Agreement : Dictionary defines the term “knock for knock” ass an agreement between auto insurers that in the event of an accident each insurance company will pay for the damage to the vehicle insured with it, without attempting to establish blame for the accident. It is an Agreement between two or more parties that each will not exercise claims or subrogation rights against the other but instead, will pay their own losses, even though the other party may be legally responsible for a loss. Knock-for-knock agreements are attempts to save administrative and legal costs which would be involved in pursuing subrogation rights and are based on the

assumption that, in the long run, no party would achieve significant net subrogation recovers.

Knot (Nautical) : The unit of speed equivalent to one nautical mile, or 6,080.20 feet per hour or 1.85 kilometers per hour.

Know Your Customer (KYC) : All rigors of KYC process are meant to weed the bad, illegitimate customers out and to protect the good, legitimate ones. Knowing a customer is a basic need of insurance companies. KYC Process involves identifying, validating and verifying the customer's information so as to ensure that the customer is genuine and legitimate and does not have any fraudulent intentions. The KYC involves collecting the customer's photograph, identification rpoof and address proof and verifying the same. This may involve photo id proof such as Passport, Driving Licence, PAN Card, Voter Identity Card, Employee Identity Card, Senior Citizen Card, Adhar Card. As for address it may be Electricity Bill, Bank or Post Office SB A/c Passbook, Telephone bill, Lease Agreement, Mobile Bill, Letter from Employer mentioning Employee's address, Ration Card, Passport, Cooking Gas Connection Card etc.

Kurtois : Actuarial term to indicate the degree of concentration about the central value of a distribution.

L

Label Clause : This clause protects the insurer in case where the material inside is intact but the external wrappers or labels are defaced, damaged or stained. In such cases, insurer's liability is restricted to the cost of replacement of the labels or wrappers and reconditioning the goods but a total loss cannot be claimed by the assured. This clause is more relevant when the assured is a manufacturer himself and in case of loss of or damage to labels on his manufactured items, can re-label them.

Labor and Material Bond : A bond furnished by a contractor which guarantees that he will pay for the labor and materials used in a particular project. It relieves the owner of the project from possible liability because of non-payments by the contractor.

Laches : Legal term for unreasonable delay in enforcing an equitable right.

Lagan : Cargo or equipment to which an identifying marker or buoy is fastened, thrown over-board in time of danger to lighten a ship's load. Under maritime law if the goods are later found they must be returned to the owner whose marker is attached, the owner must make a salvage payment.

Land Contract : A type of instrument used in connection with the sale of real estate. It differs from a mortgage in that title to the land remains with the seller until the buyer has completed the payments, though possession rests with the buyer. Superficially, a land contract is the instrument that conveys the deed of land from one person to another person upon full payment of the stated purchase price.

Land Risks : Insurances relating to land based property. In respect of these commercial insurers do not grant war risk cover.

Landed Value : Wholesale market value at destination on final day of discharge.

Landlord's Protective Liability : contract of Insurance covering liability for accidents on owned property leased to others

Landslip : The sliding down of a mass of land.

Lapping : Theft from one customer being covered by theft from another, generally by means of false entries in books of accounts.

Lapse : The expiration of forfeiture of an Insurance Policy by non-payment of due premium.

Lapse Rate : Usually defined as the ratio of the number of lapses in a defined period to the corresponding number of renewal invitations, but could be another ratio associated with lapses.

Lapse Ratio : The ratio of the number of life insurance policies that lapsed within a given period to the number in force at the beginning of that period.

Lapsed Policy : A Policy terminated because of non-payment of premium.

Larceny : Generally, the unlawful taking of the personal property of another without his consent or against his will and with intent to deprive him of ownership or use thereof.

Large Claim Pooling : A system designed to help stabilize premium fluctuations in smaller groups. Large claims (those over a stated amount) are charged to a pool contributed to by many small groups who belong and share in that pool. The small the group of groups, the lower the poling level. Larger groups will have a larger pooling level.

Large Loss Principle : The consumer principle that the possible size of a loss is a better measure of its significance than the probabilities of various sized losses.

Large Risk Policies, Indian Context : Refer : "Mega Risk Policies, Indian Context".

Laser Beam Endorsement : An endorsement to a "claims made" liability form used to exclude specific accidents, products, work or locations. It earned its nickname because it allows an insurer to zero in with a sharp focus to exclude specific exposures.

Lash : Lighters Abroad Ship : Refer : Ship

Lash Vessel : Designed to loan internally, barges specifically designed for the vessel. The concept is to quickly float the barges to the vessel (using tugs or ships wenches) load these barges through the rear of the vessel, then sales. Upon arrival at the foreign post, the reverse happens. Barges are quickly floated away from the vessel and another set of waiting barges quickly are loaded. Designed for quick vessel turn-around. Usually crane-equipped; handles mostly break-bulk cargo.

Last Clear Chance, Doctrine of : In negligence suits where the plaintiff may also have been partially at fault, a Common Law or Statutory doctrine that liability is imposed upon the person who immediately before an accident, had the last clear chance to avoid it but did not.

Latent Claims : Claims resulting from perils or causes which the insurer is unaware of at the time of writing a policy, and for which the potential for claims to be made many years later has not been appreciated. The first claims from these sources may often not be apparent until many years after the period of cover, e.g., asbestosis, pollution, industrial deafness etc.

Latent Defect : A defect which is not immediately apparent.

Launching State : A state from which a space object is launched into space, or one which performs or procures the launch.

Law of Large Numbers : A natural law of probability which states that the larger the number of exposures to risk of independent, homogeneous units the closer will be the actual number of causalities to the probable number in an infinite series.

Law of Large Numbers : Theory of probability that is the basis of Insurance. The greater the number of exposures, the more nearly will the actual results obtained approach the probable result expected with an infinite number of exposures. Thus, if a coin is flipped a sufficiently large number of times, the results of the trials will approach half heads and half tails – the theoretical probability if the coin is flipped an infinite number of times. Events that seem the result of chance occur with surprising regularity as the number of observations increase.

Law, No Fault : A law that permits occupants of cars and pedestrians injured in an automobile accident to collect certain medical income replacement benefits regardless of who was at fault.

Lawyers Professional Indemnity Insurance : Insurance is provided in the form of a Claims made Policy that covers monetary loss and expense of an insured attorney or law firm for legal liability in the rendering of professional services as defined by the Policy, also known as Legal Malpractice insurance, Lawyer Professional Liability insurance, Attorney malpractice, Lawyer malpractice insurance,Errors and Omissions insurance, Law firm malpractice, Errors and Omissions coverage, Law firm insurance.

Lay days : The period which is allowed for the loading and unloading of the ship. The counting of lay days begins after the arrival of the ship and serving the notice to the shipper.

Lay Up Refund : Return of part of premium because a ship is laid-up and thus not subject to ocean perils.

Lay Up Warranty : Guarantee by Policy-holder that the insured ship will be laid-up and not used for certain periods. Since the vessel is not subject to ocean perils for these periods and premium charged can be lower.

Layer : Refer : “Reinsurance, Layer”

Layering : An arrangement whereby two or more Insurers each provide a rupee amount of Insurance coverage, or layer. The Insurer of the first layer is primary, thus responding first in covering a loss above any retention by the insured. Insurers of subsequent layers respond in sequence, as necessary, to cover any large loss. Layers are used in both property and liability Insurance. Also, Refer : “Layering, Reinsurance.”

Leader Location : A location which attracts customers to the insured’s business. One of the four types of dependent properties for which business income coverage may be written.

'Leader' property :Merchant or other organization in a shopping mall or district which attracts customers into that district and, therefore, adds to the business volume of other stores or organizations in that are. When a particular district has a 'leader' property, every organization in that district may have a contingent business interruption loss exposure if that 'leader' property should shut down temporarily. (See 'Contingent business interruption')

Leading Case : A legal case setting a precedent which has been widely followed.

Leading Insurer (or Underwriter) : The Insurer (or Underwriter) who takes the lead in settling premium rates and agreeing policy conditions under a system of co-insurance. A lead underwriter may, or may not, be the lead claims handler depending on market practice and agreements for the class of business.

Leading Insurers’ (or Underwriters’) Agreement : An agreement in the London marine insurance market whereby when there are alterations to a risk that do not materially affect it, they may be accepted by certain underwriters only whose acceptance will bind the others.

Leading Producers Round Table (LPRT) : An organization of agents who qualify for membership annually or on a lifetime basis by producing certain high levels of Health

Insurance Premium Volume in a year. It is sponsored by the International Association of Health Underwriters.

Leakage and Contamination Add On Peril under Standard Fire and Special Perils Policy : In consideration of additional premium the policy may be extended to cover risks of (a) physical loss of oil/chemicals by leakage from its container by accidental means and all accidental contaminations by contact with foreign matter, subject to exclusions specified or (b) physical loss of oil/chemical by leakage from its container by accidental means subject to exclusions specified. Extension applies to oils and chemicals and not to any other commodity. Cover commences only on or after the receipt of subject matter in lands tanks. In case of loss the basis of adjustment shall be the market value at the time and place of loss. In case of earthquake shock 72 hours clause for calculation of loss by single earthquake shall apply. Each claim for loss or damage shall be adjusted separately subject to an excess of 1% of ach tank with a minimum of Rs. 60,000 for each loss.

Lease : A contract between an owner of real estate and the tenant which states the considerations and conditions upon which the tenant may occupy and use the property, as well as the responsibilities of both owner and tenant. If for a period of over one year, to be legally enforceable, the lease must be in Writing.

Leasehold : A property held under tenure of lease. A property consisting of right of use and occupancy of real property by virtue of lease agreement.

Leasehold Interest : Value of rights given by a favorable lease, determined by finding the difference between the rental value of the property at current rates and the rent payable under the terms of the lease. This amount is multiplied times the remaining term of the lease.

Leasehold Interest Insurance : Consequential property insurance in which the value of a lease is lost because of the occurrence of an insured-peril loss.

Leasehold Redemption : A form of capital redemption Policy.

Legal Costs & Expenses Insurance (Legal Protection Insurance) : Insurance of the legal costs and expenses incurred by the insured in (a) Pursuing a civil claim against a third party, (b) defending a civil action brought by a third party, and (c) defending criminal proceedings where the offence alleged was not a deliberate wrongful act.

Legal Costs Extension : The extension of a liability insurance to provide for the payment of the insured's legal costs in litigation other than the defence of the insured against claims arising under the liability insurance (which costs are commonly covered by the insurance in any event).

Legal description : A statement containing a designation by which land is identified according to a system set up by law or approved by law.

Legal Expenses Insurance : A group form of insurance which provides members with legal services paid for on a schedule basis. Similar to Dental Insurance.

Legal Hazard : An increase in the likelihood that loss will occur because of court actions.

Legal Liability : Any liability imposed on a person by a Court of Law.

Legal Personal Representative : The executor or administrator of an estate.

Legal Representative : Legal representatives shall have the meaning assigned to it under Clause (ii) of Section 2 of Code of Civil Procedure, 1908 (Central Act of 1908) which reads : “Legal representative means a person who in law represents the estate of a deceased person and includes any person who intermeddles with the estate of the deceased and where a party, sues or sued in representative character, the person on whom the estate devolves on the death of the party to suing or sued.”

Legal Reserve : Minimum reserve which an Insurer must keep in order to meet the liability.

Legal Weight : The weight of the goods plus any immediate wrappings which are sold along with the goods e.g., he weight of a tin can as well as its contents.

Legality of the contract : Refer : ‘Contract’ .

Legislated Coverage : Coverage provided through creation of facilities legislated into existence by Government. Crop Insurance and assigned risk pools are examples.

Length of Stay : The total number of a days a participant stays in a facility such as a hospital.

Less than Truck Load (L.T.L.) : Rates applicable when the quantity of freight tis less than the volume of truckload minimum weight.

Lessee : One who possesses the right to use or occupy a property under a lease; the tenant.

Lessor : The person granting a lease, also known as the landlord.

Let : To lease, demise or convey; thus a sign ‘to let’.

Letter of Acceptance : A letter from the Insurer to the insured indicating that the insured’s proposal for Insurance has been accepted.

Letter of Credit – Payment by Sight Draft : The exporter received guaranteed payment from the confirming bank upon presentation of the sight draft and documents required by the letter of credit.

Letter of Credit (LOC) :A financial guarantee issued by a bank that permits the party to which it is issued to draw funds from the bank in the event of a valid unpaid claim against the other party; in **Reinsurance,** typically used to permit reserve credit to be taken with respect to non-admitted reinsurance; and alternative to funds withheld and modified coinsurance.

Letter of Indemnity : A letter giving indemnity to a party in return for a document which might otherwise prejudice the rights of the party. Sometimes called a ‘hold harmless’ agreement. Such letter may be given to an Insurer as a protection for the issue off a duplicate Policy where the original has been mislaid or lost.

Lettered Rules : Those of the York-Antwerp Rules that are prefixed by a letter as distinct from a number. The lettered rules are applicable only in circumstances to which it is impossible to apply the numbered rules.

Letters of Administration : An official document evidencing the title of personal representatives of a deceased person to administer his estate in a case where the deceased named no executors or those named are unable or unwilling to act.

Leverage or Capitalization : Measures the exposure of a company's surplus to various operating and financial practices. A highly leveraged, or poorly capitalized, company can show a high return on surplus but might be exposed to a high risk of instability.

Liabilities to Third Parties, Motor Insurance : As per provision of Sec. 74 of Motor Insurance act where the assured has effected as Insurance in express terms against any liability to third party, the measure of indemnity subject to any express provision in the Policy, is the amount paid or payable by him to such third party in respect of such liability.

Liability : According to the dictionary the term 'Liability' means 'responsibility'; (ii) A claim upon one's assets by another person (i.e. a debt) ; (iii) The condition of being bound in law and justice to do something which may be enforced in the courts; (iv) Probable cost of meeting an obligation; (v) Legal responsibility to pay others for losses or injuries they have suffered.

Liability Absolute : Also known as liability without fault, is imposed where public Policy demands that a person be held liable for injury to others although the injury may be neither intentionally nor negligently inflicted. For example, a contractor would almost certainly be held liable for damages caused by vibrations of the earth following an explosive detonation With absolute liability it is usually not necessary for a claimant to establish that the operation is dangerous.

Liability Admitted : Aviation Insurance : Liability towards non-fare paying guests in an aircraft. These guests can recover damage for bodily injury without having to prove the aircraft owner or operator was at fault in causing those injuries. Liability Insurance for this exposure is written with a limit per seat in the aircraft Policy.

Liability Bailee : The liability of a Bailee for damage to property of others in his care, custody or control.

Liability Civil : Under civil liability action is brought by one party against another and dealt with according to law, resulting in payment of damages or compensation to the aggrieved party.

Civil Liability :

Arising from Contract (contract actions)

1. Breach
2. Recision
3. Novation
4. Voidance
5. Other

arising from acts or omissions (tort actions)

Arising from fraud error, mistake, etc. (equitable actions)

1. Injunctive relief
2. Restitution
3. Quasi contract
4. Specific performance

Others actions and Remedies

1. Bankruptcy
2. Garnishment
3. Receivership
4. Trusteeship

Intentional

1. Trespass
2. False arrest
3. Assault
4. Battery
5. Libel
6. Slander
7. Invasion of privacy
8. Other unnamed Actions

Unintentional

1. Negligent acts
2. Negligent omissions

Torts subject to absolute or strict Liability

1. Private nuisances
2. Industrial accidents
3. Automobile accidents
4. Defective Products
5. Other

Civil liability analysis (Equitable actions are actions or suits seeking equal and impartial justice, based on the spirit of fairness, justness, and right, as distinguished from the common law, which may not have afforded an adequate remedy, See Black's Law Dictionary, (4th Ed., St., Paul, Minn : West Publishing Company, P.632)

Liability Civil Under Common Law : A body of law consisting of past court decisions and customs and usages recognized by courts.

Liability Contingent : Liability for damages arising out of the acts or omissions of others, who are not employee or Agents of the entity held responsible.

Liability Contractual : Liability assumed under some contract such as a lease that would not be present except for the contract.

Liability Criminal : Criminal liability is enforced by the state and it results into punishment in the form of fine or imprisonment or both

Liability, Directors and Officers Liability :The Corporate decisions that yesterday did not materially affect other people today powerfully impinge on their lives and the subject matter has a direct bearing on the potential liabilities of Corporate Directors' and Officers' today. The increase in litigation against directors reflects a change in the attitude of the general public towards greater management accountability and hence the position of a Director is becoming far more onerous. Actions are most likely to be commended in relation to: (i) Actual or alleged breach of trust (ii) Breach of duty or warranty of authority (iii) Neglect or Omission (iv) Error or misstatement or misleading statement (v) Failure to supervise or regulate properly.

Who might bring an Action? (i) Shareholders: alleging financial loss attributable to failure by Directors or Officers responsible (ii) Employees : alleging unfair dismissal, discrimination, sexual harassment or mismanagement of pension funds (iii) Customers : alleging that they have suffered financial loss following wrongful advice on the application or suitability of product (iv) Competitors : alleging that their businesses have been adversely affected by a restrictive trade practice e.g. : price fixing (v) Members of the Public : failure to effect and maintain adequate control or services. (vi) Regulatory Bodies : for offences under the Companies Ordinance or breaches in similar legislation.

Potential Allegations : The following list provides typical examples of "wrongful acts" which could be alleged against a Director or Officer – though, this is not an exhaustive list : (i) Inaccurate statements of financial conditions (ii) Errors in annual accounts (iii) Conflict of interest (iv) Lack of judgment, diligence or good faith (v) Mismanagement of funds (vi) Misstatements in prospectuses (vii) Allotment of shares (viii) Unauthorized or imprudent loans or investments (ix) Failure to obtain competitive bids (x) Imprudent expansion resulting in a loss (xi) Using inside information (xii) Unwarranted dividend payment, salaries or compensation (xiii) Misleading statements filed with the Stock exchange (xiv) Misrepresentation in acquisition agreement for the purchase of another Company (xv) Wrongful dismissal of an employee.

Possible consequences : Civil Action : May involve personal liability for : (a) Damages (b) Claimant's Costs (c) Costs of Personal Legal Representation. Criminal Action : prosecution may be brought under various Statutes. Whilst fines and penalties under Criminal Actions are not insurable, Directors and Officers may face substantial costs in arranging legal representation to defend such actions. These legal costs are covered by the D & O insurance provided the defence is successful.

Liability Insurance : Act Policy under "Public Liability Insurance Act 1991" (Hazardous substances) Effective date 1.4.1991 for new owners and 1.4.1992 for existing owners: To provide through Insurance, immediate relief by "OWNERS" to persons affected due to: ""**<u>Accidents</u>**: Fortuitous, sudden or unintentional occurrence" While "handling e.g., Manufacture, processing, treatment, package, storage, transportation by vehicles, use, collection, destruction, conversion, offering for sale, transfer or the like. Hazardous Substances viz., Any substance or reparation which, by its reasons of its chemical or physio-chemical properties or handling is liable to cause harm to human beings, other creature, plants, micro-organism property or the environment (the Environment protection Act, 1986) and as notified, by the Central Government (Public Liability Insurance Act – 1991) " On NO FAULT LIABILITY BASIS.

Insurance Limit: "Anyone Accident" – Minimum equal to "Paid-up capital up to maximum of Rs. 5 crores. "Anyone year" – up to a maximum of Rs. 15 Crores. Liability Beyond Insurance Limit: To be met by Environmental relief fund (ERF) Further liability beyond total of Insurance and ERF – to be borne by the owner. Contribution to relief fund: equal to insurance premium to be paid to the underwriting company. Limit of Indemnity: single limit to be selected not below the PAID-UP CAPITALof the insured up to a maximum of Rs. 5 crores. Measure of Indemnity: No fault basis. (a) Death and TPD: Rs. 25,000/- (b) PPD: on the basis of Percentage of disablement as Certified by authorized physician. (c) Loss of wages due to TPD not exceeding Rs. 1000/-per month up to maximum of 3 months subject to hospitalization exceeding 3 days and victim being above 16 years of age. (d) Medical Expenses up to Rs. 12,500/- additional in all above cases. (e) Property damage up to Rs. 6000/- on damage to PRIVATE property not belonging to leased to or under any other control of the owner. Maximum liability of insurer: As per limits above.

Liability Insurance : Any form of coverage whereby the insured is protected against claims of other parties from specified events.

Liability Insurance Carriers Legal Liability Insurance: Covers Carriers legal liability as per provisions of Carriers' Act 1865. In order to provide an insurance cover to the common carriers and transporters against the stipulation of absolute liability under the Carriers Act, the Carrier's Legal Liability Policy has been devised. At present the CLL policy gives the following coverage:

Basic cover: covers damage to goods caused by fire, explosion and or accident to the vehicle carrying the goods due to negligence or criminal act of his servants. The cover will commence with the loading of the cargo and end with its unloading.

Wider cover: The following risks are covered in wider cover which is allowed as a package deal and no partial extension may be allowed: (i) Damage to cargo as in basic cover. (ii) Damage by fire, burglary, riot & strike and malicious damage affecting the goods at warehouses or transshipment yard, whilst in the custody of the carrier. (iii) Shortage of goods due to theft or pilferage of cargo at any time whilst in the custody of the carrier. (iv) Breakage, leakage, damage due to improper handling.

Exclusions : (a)Riot and Strike (available as add-on), war perils, nuclear and radiation perils, contractual liabilities, liability to own, employees, agents and sub agents and their properties and belongings (b) Losses due to inherent defects, mechanical or electrical derangements, (c) Consequential loses, and (d) Carriage of illegal, illicit or smuggled goods.

Duration : The cover is during transit, incidental storage, transshipments and up to seven days after reaching final place.

Liability Insurance Hotel Owners : Policy covers legal liability of Hotel owners for : (a) Accidental bodily injury (including death) of any visitor or guest including while using facilities such as Health clubs, Beauty parlors, Hair dressers Shops, Swimming Pools (life guard provided or not), Sports (indoor-Table Tennis, Squash, Bowling, etc.), (outdoor : Boating, Deep Sea Diving etc, Skiing, Hang Gliding, Sky Diving etc) (b) Accidental damage to the property of any visitor or guests. (c) Injuries (including death) due to food poisoning. (d) Loss of visitors property from the premises. The Policy covers legal liability only if both injury or damage is caused through fault or negligence of (i) the insured (ii) the insured's contractor (iii) any of its employees or (iv) defect in the ways, works, machinery or plant.

Liability Insurance, Insurable Interest : Insurable interest is the legal right to insure. The three essentials of insurable interest are :

a. The existence of a potential legal liability which is capable of being insured
b. Such potential liability must be the subject matter of insurance, and
c. The insured must bear a legal relationship to the subject matter whereby he will benefit on freedom from liability and will lose financially on creation of liability.

Liability Insurance, Bodily injury : Insurance against loss due to claims for damages because of bodily injury (including death) to persons not employees.

Liability Insurance, Charterers : This covers the damage sustained by the vessel during the period of charter for which the charterers are held legally liable. This also covers demurrage if the vessel is delayed to carry out repairs for which the charterers are held legally liable.

Liability Insurance, Cinemas : Policy covers legal liability for : Accidental bodily injury, Accidental damage to property of third parties. Policy also covers legal liability for accidental bodily injury / illness of a third party caused by poisonous or foreign or deleterious matter in food or drink served in the auditorium.

Liability Insurance, Clinical Trial Insurance Policy : The policy covers the sum which the insured shall be liable to pay as damages / compensation for claims made by subjects for death or injury or any other adverse reaction in the body as a result of participating in clinical trial. The term insured would include all stakeholders in the trial. The cover includes legal costs also. Breaches of data may also be covered. The policy is generally issued on NO Fault principle. The policy may be a single trial or multi trial policy. Post-trial coverage is also offered for a limited period as decided. The territorial limits are also specified. The policy does not extend to cover (i) Damages within permissible limits as are to be expected within such trials. (ii) Deliberate contravention of instructions by the subject (iii) Deterioration in condition which would normally have occurred even without the trial (iv) War and nuclear perils (v) Fines and Penalties.

Liability Insurance, Commercial General Liability / Combined General Liability / Common General Liability (CGL) : The CGL policy is an ISO form, widely used to provide commercial enterprises with premises and operations liability coverage,

products and completed operations insurance and personal injury coverage. Premises medical payments coverage is often included as well. Under a Public Liability the indemnity provided is for a claim due to legal liability arising out of accident occurring in the insured premises arising out of injury or damage. In case of a product liability policy the indemnity is for claims due to legal liability arising out of accidents arising out of defects in products specified. In contrast, the operative clause of CGL cover for legal liability to pay damages because of bodily injury or property damages. There are no limitations for cover in terms of insured premises or products specified as long as the occurrence and claims are in coverage territory specified, thereby providing a wider covers. CGL also provides cover for supplemental payments, medical expenses and fire damages. Cove rage is restricted to cover only third party liabilities.

Liability Insurance, Contractual Liability : Insurance against loss under a contractual liability agreement.

Liability Insurance, Cybercrime Liability : Scope of the Policy is to cover cyber liability exposures like Libel, Hacking, inadvertent virus transmission, copyright infringement, loss of identity. The policy coverage is on the lines of an errors and omissions policy to cover liabilities arising out of hacking email frauds, web developing, website maintenance and E-commerce.

Liability Insurance, Directors and Officers Liability Insurance : The Directors and Officers of companies may become liable to pay damages for wrongful acts such as failure of supervision of the affairs of the Company etc. Directors and Officers liability policy is therefore designed to provide protection to Directors and Officers of a Company against their personal liability for financial losses arising out of wrongful acts or omissions in their capacity as directors or officers. The coverage is granted in two parts under the insuring clause : (i) Company Reimbursement : Insurance of the Organization itself – Organization is entitled (and often obliged) by way of its articles of association to indemnify its Directors and Officers. However, the extent of this indemnity is strictly limited under the Companies act. The organization may only reimburse to the extent of legal costs expended and then only if the Director/Officer successfully defends that action. (ii) Directors and Officers : (a) Insurance of the Director/Officer – if the action against him is successful, then the Director/Officer is "on his own". He is exposed not only to legal costs but to any damages which might be awarded against him. The organization will now of course be precluded from indemnifying him.(b) The second part of the cover (D&O) will now respond, provided that the Director/Officer has not acted in a deliberately dishonest manner. Fines and other penalties are not recoverable. As in the case of other liability insurance policies, the D&O policy is subject to compulsory excess and certain exclusions. Besides, the policy provides for Directors and Officers to comply with certain specified claim conditions. Many coverage are provided under the policy as Add-on extensions.

Liability Insurance, Dram Shop Liability Insurance : A form of insurance contract that protects the owners of an establishment in which alcoholic beverages are sold against liability arising out of accidents caused by intoxicated customers who have been served or sold the alcoholic beverages.

Liability Insurance, Employers : Insurance against loss to claims for damages by employees for bodily injuries (including death); excludes liability under workmen's compensation laws.

Liability Insurance, Farm Liability : This is a specially designed property liability package policy. The coverage applies to liability arising out of farming activities including products liability. Limited pollution cover for discharge of smoke or chemicals used in

normal farming operations can be added. Employers' Liability Coverage for farm workers can also be added.

Liability Insurance, Global Coverage Policy : Large business groups which operate in many countries have special insurance problems. They may have to arrange local insurance as per local laws. Nevertheless, the group head office may arrange a "Global Legal Liability Policy" to cover any gaps in local insurance cove rages or on an "excess of loss" basis to take care of large losses.

Liability Insurance, Lift Third Party Liability : Policy covers legal liability for accidental bodily injury / accidental Direct damage to wearing apparel or personal effects of third parties in connection with insured lift including machinery, plant, door, safety devices or other appliances.

Liability Insurance, Liquor Liability Policy : The policy is designed for manufacturers, distributors etc of alcoholic beverages. The policy covers the liability excluded under CGL Policy. The policy is also available to bars, restaurants etc for their so called "Liquor Liability" imposed by Common Law or by Statutes. Protects the owners of an establishment in which alcoholic beverages are sold against liability arising out of accidents caused by intoxicated customers who have been served or sold the alcoholic beverages. Refer : Liability Insurance, Dram Shop Liability Insurance."

Liability Insurance, Market Pools : Market pools formed by a consortium of insurers are not very common in liability insurance except perhaps in extra-hazardous risks e.g., demolition contracts. However, public liability insurance for nuclear reactor operations is available on a pooling basis, from the "British Insurance (Atomic Energy) Committee comprising the insurance companies and Lloyd's underwriters.

Liability Insurance, Medical Practitioners : Refer : Professional Legal Liability for Medical Practitioners."

Liability Insurance, Multimodal Transport Operator (MTO) Liability Insurance Policy : The Multimodal Transportation of Goods Act, 1993 provides for legal liability for loss or damage to cargo. It provides for the creation of a licensed operator called the MTO who could be held responsible for the loss or damage to the cargo entrusted to them for transportation. One of the requirements of the MTO license is the insurance to cover liability that arises on them. MTO is liable for (a) Act for their Principal I arranging shipping and transport services, or (b) Contract with the cargo owner to transport goods; or (c) Provide expert advice, assistance and opinions. Although the MTO came into effect in 1993 Indian insurers were not providing this cover till 2001. Currently few insurers are offering this cover in the market. In the light of above Ministry of Finance had given special dispensation allowing foreign insurers to directly underwrite this business.

Coverage : To cover insured's liability to (a) A customer or third party for loss or damage to cargo in the insured's care, custody or control (ii) A third party for death, bodily injury or damage to property (c) A customer or third party for errors and omissions or professional negligence (iv) An Authority for fines and duty.

Cargo Liability : Indemnity is provided to the insured for its legal liability an claims expenses in respect of claims which arise from physical loss of or physical damage to cargo provided such liability arise from The Indian Multimodal Transport Act, FIATA or Combicon Bill of Lading or the Insured's house bill of lading or standard trading conditions or other recognized transport convention.

Third Party Legal Liability : Indemnity is provided to the insured for its legal liability in respect of a claim arising from an accident causing (i) Bodily injury to a third party, or (ii) Physical loss or physical damage to third party property, or (iii) Consequential loss suffered by a third party.

Professional Indemnity : Usually an add on extension. Covers the legal liability and expenses arising from (i) The negligent performance of a professional duty, (ii) Fraud by an employee (iii) Libel, slander or infringement of personal rights that has not arisen from publication in an independent journal etc (iv) An unintentional breach of warranty of authority where the insured has contracted on another person's behalf believing they have the authority to do so.(v) A misdirected claim against the insured being one which results from (a) an accident for which legal liability would in the normal course of vessel operations be covered by any protection and indemnity policy for the vessel owner or operator, or (b) A contract into which the insured entered, within the scope of the insured services believing that the insured was acting as the principal's agent only.

Fines and Duties : This too is an extension if opted for.

Rating : (a) Gross Freight Receipts (GFR), (b) The number of containers handled (in terms of 20 TEU). The rate shall depend on (i) Limit of liability for cargo and TP Liability (ii) Extensions Opted (iii) Deductibles (iv) Past claims experience (v) Nature of cargo handled (vi) Destination of Cargo e.g., the % of cargo normally dealt with towards USA/South America/Eastern Europe/Africa etc. (vii) Quality of Management.

Liability Insurance, Nuclear Energy Liability Insurance : Usually provided by various pools formed by insurers. Two types of overage available (i) The facility form for operators for nuclear facilities and the suppliers. (ii) Transporters' forms for those that provide services, material etc., for such facilities or transport property to and from a facility. The coverage is restricted to liability arising out of nuclear accidents. Thus, these also need CGL policy.

Liability Insurance, Personal : The Policy for individuals in respect of legal liability arising out of their own negligence or the negligence of their family members. These policies are known as "Personal Policies".

Liability Insurance, Pollution Coverage : The practice varies among insurers. Some incorporate a general exception in the Public Liability policy; others consider each risk separately and decide to cover or exclude pollution liability.

Liability Insurance, Product Recall Insurance : The policy indemnifies the insured for recall expenditure incurred by insured. The cover includes costs such as customer notification, shipping costs and disposal costs. Coverage generally applies to the firm itself though additional coverage can be purchased to cover the costs of third parties. This policy is usually purchased by manufacturers such as food and beverages, toy, automobile parts manufacturer and electronics companies.

Liability Insurance, Products and Completed Operations Liability, CGL : The liability exposure of the manufacturer whose malfunctioning products may cause injury or property damage or of the contractors whose failed structure or projects may do the same. Coverage of the exposure is a feature of the commercial general liability policy. The insurance does not in any constitute a guarantee of either the insured's product or work. Contrast with "Premises and Operations liability."

Liability Insurance, Products Guarantee Insurance Policy : The product guarantee policy is designed to protect the insured against legal liability arising out of failure of

products to fulfill their intended function. The policy will pay for (i) The cost of repairing or replacing a defective product, (ii) The cost of recalling defective products (iii) The financial losses caused by such products where there is no injury to or damage to property of third parties. Extension is available to pay for insured's lost sales as a result of damage to the brand name of the product, advertising expenses already incurred, advertising expenses to re-launch the product etc.

Liability Insurance, Products Liability : Product liability Insurance provides an indemnity to the manufacturers or distributors and/or components is respect of their liability for accidental damage or injury resulting from defects in their products Product liability Insurance also provides an indemnity to manufacturers and others against third party claims for personal injury or damage to property which arise from the purchase or use of product. Ordinary public liability policies concern themselves, in the main with accidents occurring on specified premises. Product liability Insurance policies deal with the liability that may arise wherever the claims arising from the utilization of the covered product manufactured, sold, handled, or distributed by the insured or other trading under his name if the accident occurs after possession has been relinquished to other and away from premises owned, rented, or controlled by the insured.

Liability Insurance, Professional Malpractice : The liability of a professional for errors or omissions in the pursuit or his profession.

Liability Insurance, Property Damage : Insurance against loss due to claims for damages because of injury to others property.

Liability Insurance, Public Liability Industrial Risks: The Insurance Policy shall cover applies to Industrial and storage risks such as Depots, Warehouses, Godowns, Tank farms etc with aggregate limits of Indemnity any one year /during the policy period within the geographical limits of India. Policies shall cover all sums which the Insured becomes legally liable to pay as damages to third party in respect of accidental death/bodily injury/disease and loss of or damage to property arising out of claims first made in writing against the Insured during the Policy period, including legal costs and expenses incurred with prior consent of Insurers, subject always to the limits of indemnity and other terms, conditions and exceptions of the policy . It shall not be permissible to issue a Public Liability Policy with unlimited liability. The maximum ratio of limit of indemnity any one accident to any one year shall not exceed 1:4. Policy can be extended to cover Pollution Risks, Transportation risks outside Insured's Premises , Cover for multiple units, Act of God perils, Technical Collaborators Liability For the purpose of rating industries are classified under four groups. The Company will indemnify the insured against their legal liability(other than liability under the Public Liability Insurance Act, 1991 or any other Statute that may come into force after the issue of this policy) to pay compensation including Claimant's costs, fees and expenses anywhere in India in accordance with Indian Law. INDEMNITY LIMITS : Company's total liability to pay compensation, Claimant's costs, fees and expenses and defence costs shall not exceed the Any One Indemnity limit stated in the Schedule. Indemnity Limit applies to any one claim or series of claims arising from one originating cause. Any One Year Indemnity Limit shall represent the total amount of Company's Liability during the Policy period.

Liability Insurance, Public Liability Non Industrial Risks : The Company will indemnify the insured against their legal liability to pay compensation including Claimant's costs, fees and expenses anywhere in India in accordance with Indian Law. The Policy applies to non-industrial risks such as Hotels, Motels, Club Houses, Restaurant , Boarding and Lodging Houses, Flight Kitchens, Cinema Halls, Auditoriums , Theatres, Public Halls , Pandals, Open Air Theatres, Residential

Premises, Offices/Administrative Premises, Medical Establishments, Institutions, Airport Premises (other than aviation liabilities), Schools /Educational Institutions, Libraries, Exhibitions, Fairs, and Fetes, Stadiums and Pandals, Permanent Amusement Parks, Film Studios – Indoor & Outdoor, Zoos, Depots, Warehouses, Godowns, Shops, Tank Farms and similar other non-industrial risks with aggregate limits of indemnity any one year /during the policy period. Policies shall cover all sums which the Insured becomes legally liable to pay as damages to third party in respect of accidental death/bodily injury/disease and loss of or damage to property arising out of claims first made in writing against the Insured during the Policy period, including legal costs and expenses incurred with prior consent of Insurers, subject always to the limits of indemnity and other terms, conditions and exceptions of the policy . It shall not be permissible to issue a Public Liability Policy with unlimited liability. The maximum ratio of limit of indemnity any one accident to any one year shall not exceed 1:4. Policy can be extended to cover Pollution Risks, Cover for multiple units, Act of God perils.

Liability Insurance, Ship Repairers: This covers liabilities of ship repairers towards vessels repaired by them.

Liability Insurance, Stockbrokers Liability : Stockbrokers can be liable for wrong advice to clients and also failure to execute or wrong execution of clients' instructions to trade. One of the condition of the coverage is that they are registered members of a Stock Exchange.

Liability Legal, Losses : Legal liability losses may be classified by any of several characteristics. One possible classification is in terms of the entities to which liability may indebted: Customers, members off the general public, employees, governmental bodies to which an organization may own fines and possibly others. Another way of classifying liability losses is by the source off the legal duty whose breach has brought legal liability upon the organization : liability for breach of a contract (through intention non-performance or violation of a warranty, for example), tort or criminal liability. Finally, liability losses may be classified according to whether the amounts the firm must pay, or the revenue of which it is deprived, arise from payment off damages or fines to an entity whose legal rights have been violated, payment of legal defence costs, or expenses incurred or revenues lost because of the need to modify or cease a profitable activity.

Liability Legal, Losses : That liability which courts recognize and enforce as between parties litigant.

Liability, Dram Shop Law : Liquor liability laws are called dram shop laws. They provide that a person serving someone who is intoxicated or contributing to the intoxication of another person may be liable for injury or damage caused by the intoxicated person.

Liability, Employers : The common law or special statutory responsible of employers for job related injuries and disease caused by their negligence but not covered under workmen's compensation.

Liability, Joint and Several : Liability under which each off several joint wrong-doers are responsible either on a combined, undivided basis, or on an individual basis, for the full amount of damages for which the several wrong doers are collectively responsible.

Liability, No Fault : Compulsory Public Liability Insurance : Section 3 of Public liability Insurance Act, 1991 imposes a no-fault liability on the person who owns or has control over handling any hazardous substance to give relief where death or injury

(including permanent total or permanent partial disability of sickness) of any person (other than a workman within the meaning of the workmen'[s compensation Act 1923) as amended or damage to any property, has resulted from an accident. No fault liability means that the claimant is not required to prove that the death, injury or damage was due to any wrongful act, neglect or default of any person.

Liability, Pro-rata : Liability on the part of an Insurer for not more than the proportion of loss which the amount insured bears to the amount of all Insurance policies covering the loss.

Liability, Protective Insurance : Liability Insurance against claims which may arise out of the insured's contingent liabilities for the conduct of others, such as independent contractors.

Liability, Single Limit : Liability Insurance that imposes a single Policy limit on all claims per occurrence, regardless of the mix off bodily injury and property damage and the number of claims.

Liability, Specific Exposures and Problems : A business faces liability arising out of its property and activities. These sources of liability can be categorized as follows: 1. Ownership, use, or possession of premises, 2. Activities that are considered to be a public or private nuisance, 3. Sale, manufacture and distribution of products or services. 4. Property of others in the care, custody or control of the business. 5. Fiduciary relationships such as the management of employee benefit plan assets or service on the firm's Board of Directors. 6. Professional activities. 7. Vehicles - usually automobiles but may include aircraft, watercraft and other vehicles. 8. Employees who may suffer a job-related injury or disease. 9. All property and activities not listed under any other category.

Liability, Strict : A legal doctrine under which a manufacture is held responsible for injuries arising out of defective products, regardless of whether or not the manufacturer was negligent.

Liability, Tort : A tort is a civil wrong other than breach of a contract for which the court will provide a remedy in the form of an action for money damages : (i) Intentional torts : involving conduct that may be intentional or by design (but not necessarily with the intention that the resulting consequences should occur) : (ii) Unintentional torts : involving the failure to act or acting not as a reasonable prudent person would have acted under the similar circumstances, and (iii) Wrongs : for which is business may be held absolutely or strictly responsible, intent or fault is not an issue under absolute or strict liability.

Liability, Vicarious : Employers 'liability' towards third parties for the acts of his servants.

Libel & Slander (Defamation of Character) : Libel and slander are tort actions that involve the invasion of the interest, reputation and good name ofperson by communicating to others information that diminishes the esteem in which the plaintiff was held or excites adverse feelings or opinions against the plaintiff. Defamation is usually made up of the twin torts of libel and slander, the first being written, the other oral.

Libel : A form of tort which is publication of false statement in a permanent form designed to damage the reputation of another person.

Libel Insurance : Libel Insurance is another form of Professional indemnity, for which a small market exists. A person libeled may sue the other, the publisher, the printer and the distributor of the libel, or any of them.

Liberalization Clause : A clause in property insurance contracts which provides that if property or endorsement forms are broadened by legislation or ruling from rating authorities and o additional premium is required, then all existing similar policies will be construed to include the broadened coverage.

License : A certification of authority for an agent or insurer to operate, given by the appropriate jurisdiction.

License and Permit Bonds : Bonds required by various municipalities or public authorities to indemnify them against loss in the event of violation of regulations or ordinance under which the permit is required.

License Driving : The license issued by a Competent Authority under Chapter II of the 1988 Motor Vehicles Act authorizing the person specified therein to drive, otherwise than as a learner, a motor vehicle or a motor vehicle of any specified class of description.

License Insurance : License Insurance is concerned in the main, with premises licensed for the sale of beer, or beer and wine or beer, wine and spirit. The Policy covers not only the value of the license up to the sum insured, but also the costs of appealing to quarter sessions against a refusal to the license at Brewster sessions including the costs of respondents to the appeals.

License, Conductor's : The license issued by a competent authority authorizing the person specified therein to act as a conductor.

Licensed Insurance Company in India : Indicates the Company is incorporated to transact Life Insurance or General Insurance or Health Insurance or Agricultural Insurance or Reinsurance business.

- Licensed Agricultural Insurance Co
- Licensed General Insurance Co
- Licensed Life Insurance Co
- Licensed Health (standalone) Insurance Co
- Licensed Reinsurance (standalone) Co

Licensee : One who stands in no contractual relationship to the owner or occupier of the premises, but is permitted or tolerated thereon expressly or impliedly, or inferentially, merely for his own interest, convenience or pleasure, or for that of a third person.

Licensing : The incorporation of a company in the jurisdiction or the approval given to a company to underwrite insurance in the jurisdiction. These are recognized to be separate approvals and may be made in separate jurisdictions.

Lien : A claim of one person upon the property of another as a security for some debt or charge.

Lienholder : A person entitled to a lien.

Life of Another Policy : An Insurance Policy taken out on the life of someone else.

Lift Insurance : The insurance of lifts against breakdown and accidental damage, coupled with third party liability.

Lift Irrigation Insurance : The insurance provides indemnity against damage caused to Lift Irrigation system which includes Intake Well, Delivery Chambers, Jack Well, Pump House, Water Storage Tank, Pipelines, Cables, Switches, Gears, Starters, Electric

Motors of various capacities from 3 HP to 200 HP, Return and non-return valves. The risks covered are fire including riot, strike and malicious damage, flood, theft, earthquake, landslide, accidental damage to machinery and pipelines, bursting of pipelines and machinery breakdown cover for all machinery.

Lighter : An open or covered barge equipped with a crane and towed by a tugboat. Used mostly in harbors and inland waterways.

Lighter age : The cost of loading or unloading a vessel by means of barges alongside.

Lightning : A peril covered by a Standard Fire and Allied Perils policy.

Lightning Clause : A clause covering Direct damage caused by lightning.

Limit : Maximum amount for which an Insurer may be liable for any loss, as set forth in the Policy.

Limit of Indemnity : The maximum sum payable under a contract of indemnity. It may be expressed as “per accident”, “per event”, “per occurrence”, or “per annum”.

Limit, Aggregate: In liability Insurance, maximum amount of coverage that an Insurer will pay for all losses during a specific period of time, usually the contract period, no matter how many separate accidents may occur.

Limit, Annual Aggregate : Maximum amount payable under an Insurance Policy for all losses occurring within a particular calendar or fiscal year.

Limit, Basic : Under liability Insurance, the minimum liability limits available.

Limit, Blanket : In property Insurance, maximum amount which the Insurer will pay for any one loss to all items of property covered by, or 'blanketed under', a particular insuring agreement.

Limit, Divided: In liability Insurance, separate limits of liability for bodily injury and property damage claims. Many divided limit liability Policy contain three separate limits for (i) bodily injury to each person. (ii) bodily injury to two or more persons injured in the same accident, and (iii) property damage per accident, Refer : "Split limit."

Limit, Line : Underwriting guidelines specifying the maximum amount of a particular type of Insurance that an Insurer judges it can safely write on a particular exposure without purchasing Reinsurance.

Limit, Per Accident : In liability Insurance maximum amount the Insurer will pay for claims growing out of a particular accident, regardless of the number of persons injured or property interests damaged.

Limit, Per Person : In liability Insurance, maximum amount the Insurer will pay for bodily injury to any one person in any one accident.

Limit, Policy : Usually synonymous with the unqualified term 'limit' as defined above, but may also be synonymous with 'aggregate limit' as defined above.

Limit, Scheduled : Specified rupee limit of coverage for a particular loss.

Limit, Single : In liability Insurance, overall maximum on the Insurer's liability for all types of bodily injury, property damage or personal injury claims growing out of one

accident, regardless of the number of persons suffering injury. Compare with 'Split limit.'

Limit, Specific : Insurer's maximum liability for a specified type of loss or claim, usually smaller than the Policy limit, applicable to losses or claims generally.

Limit, Split In liability Insurance, separate limit of liability for bodily injury and property damage claims. Many split-limit liability policies contain three separate limits for (i) bodily injury to each insured person, (ii) bodily injury to two or more persons injured in the same accident, and (iii) property damage per accident, Contrast with 'Single limit,' Refer : "Divided limit"

Limit, Variable : In property Insurance, limit which automatically increase at each Policy anniversary unless the insured specifically rejects the increase. In order to increase the amount of coverage in keeping with the average annual inflation rate as measured by one or more applicable price indexes. While not guarantying adequate coverage, a variable limit can prevent underinsurance from growing significantly more severe. See 'Underinsurance.'

Limitations : Exceptions or reductions to the general coverage.

Limited Market : Term used to describe the situation where only a few insurers are willing to accept insurance of a particular type.

Limited Partnership : An association of two or more persons who operate and manage a business for profit; at least one the partners does not work in the business but does have some management voice and financial investment. The limited partner has limited liability.

Limited Policy : A Policy providing Insurance against specified types of accidents or restricted in indemnity payments as contrasted with full coverage policies.

Limited Pollution Liability Coverage: Commercial form providing pollution liability coverage on a “claims made” basis, but not providing any coverage for clean-up costs.

Limited Terms : F.P.A., T.L.O., or any other conditions that indicate cover excluding partial loss,

Limited Theft Coverage Endorsement : May be attached to a Dwelling Policy to provide theft coverage for a named insured who is not an owner occupant.

Limits : (i) The maximum amount of benefits payable for a given situation or occurrence e.g., a limit of Rs. 5,00,000 on contents of a home or a Rs. 10,00,000 per accident limit for property damage liability policy. (ii) Ages limits below or above which the insurer will not issue a policy or above which it will not continue a policy presently in force.

Limits of Insurance : The greatest amount of insurance a policy will provide the amount beyond which the insurer is no longer required to pay.

Line (of Insurance) : (i) Particular type of Insurance, such as the liability "line." (ii) All types of Insurance written for a property owner, such as all lines for ABC Manufacturing. (iii) Amount of Insurance on a given property, such as a Rs. 10,00,000 line on XYZ manufacturing's building. (iv) Gross line - total amount of Insurance accepted by an insure on individual risk, including the amount Reinsured. (v) Net Line : amount of coverage retained by the Ceding Insurer on an individual risk in a surplus

Reinsurance treaty or the maximum amount of loss on a particular risk to which an Insurer will expose itself without Reinsurance.

Line Card : A record of Insurance sold to one client.

Line of Business : The general classification of business as utilized in the insurance industry, i.e., fire, allied lines, personal lines, etc.

Line of Business : The general classifications of business as utilized in the insurance industry, e.g., Fire, Allied Lines and Householders.

Line Sheet : A schedule showing the limits of liability to be written by an insurer for different classes of risks This kind of guide is also used by a ceding company to define the limits of liability it will assume on various types of exposures.

Line Slip : A facility under which the underwriters delegate authority to accept a pre-determined share of certain coinsured risks on their behalf. The authority may be exercised by the leading underwriter on behalf of the following underwriters; or it may extend to the broker or some other agent being authorized to act for all the underwriters.

Line stamp : A Stamp impressed by a Lloyd's underwriter on a slip and bearing his syndicate's pseudonym and number.

Liner Conference, Shipping : The convention or the code of conduct for Liner Conference adopted by UNCTAD defined a Liner Conference as : "A group of two or more vessels operating carriers which provides international liner service for the carriage of cargo on a particular route or route within specified geographical limits and which has an agreement or arrangement, whatever its nature, within the framework of which they operate under uniform or common freight rates and any other agreed conditions with respect to the provisions of liner services."

Liners : Ships that ply on a regular scheduled service between groups of ports. The ships of a liner Company are common carriers, offering cargo space require them. A liner Company is generally engaged on trade routes where volume of cargo or passenger traffic is available.

Liquid Bulk Carriers : Tanker's constructed and fitted out to carry bulk liquids (e.g. crude oil).

Liquidated Damages : Damages that are agreed to either by the court or by the parties to a suit or action.

Liquidation : (i) The process of realizing the assets and quantifying the liabilities of a company which it is proposed to dissolve. The court, on petition, may order the provisional liquidation of a company, in which case it may be resuscitated. Otherwise the court will issue an order for voluntary or compulsory liquidation. **(ii)** The finalization of a customs entry.

Liquidation Bond : A bond in respect of the conduct of the liquidator of a company that is being wound up.

Liquidation of Insurer : Action undertaken the Competent Regulatory Authority to dissolve an impaired or insolvent insurer which cannot be restored to sound financial standing.

Liquidity : Liquidity is the ability of an individual or business to quickly convert assets into cash without incurring a considerable loss. There are two kinds of liquidity : quick and current. Quick liquidity refers to funds – cash, short term investments, and government bonds – and possessions which can immediately be converted into cash in the case of an emergency. Current liquidity refers to current liquidity plus possessions such as real state which cannot be immediately liquidated but eventually can be sold and converted into cash. Quick liquidity is a subset of current liquidity. This reflects the financial stability of a company and thus their rating.

Liquor Liability Insurance : Refer : "Dram Shop Liability Insurance."

Liquor License Bond : Insurance required by a regulatory body for those having liquor licenses.

Listing : A list of Insurers or reinsures subscribing a contract, showing their relevant participations. The term is applied in Direct cargo practice also to an advice given to open cover Insurer in respect of an extraordinarily large declaration on the cover.

Litigant : One who is engaged in a lawsuit.

Litigation : The act of carrying on a law suit.

Litigation Bond : Refer : "Court Bond".

Litigation Costs and Expenses : A liability insurance provides indemnity in respect of litigation costs and expenses incurred in connection with a third party claim against the insured.

Livery : In automobile insurance, the carrying of passengers for hire.

Livestock : Common farm animals

Livestock Insurance : The class of agricultural insurance that is based on the provision of mortality cover for livestock due to named disease(s), and accidental injury. Insurance cover is normally restricted to adult animals and may be taken out on an individual animal or herd basis. Major Classes of insured livestock include dairy cattle, sheep, goats, pigs, camels, etc. Refer also "Cattle Insurance."

Livestock Mortality Insurance : The equivalent of life insurance for livestock.

Livestock Transit Insurance :Insurance against accidents causing death or crippling on shipment of livestock while in transit by rail, trust, or other similar means of transportation.

Lloyd's Byelaws : The primary rules made by the Council of Lloyd's regarding the conduct of insurance business at Lloyd's.

Lloyd's Society of Lloyd's [*] The Society incorporated by Lloyd's Act 1871 by the name of Lloyd's.

Lloyd's 'O' Group : An informal meeting at Lloyd's of the Chairman, deputy chairmen and senior officials, to discuss current problems and events.

Lloyd's Agency Department : The Lloyd's Agency Department manages three highly respected, distinct but related functions which service the marine insurance industry, namely the Lloyd's Agency Network, the production of certificates of insurance in respect of marine business and the salvage arbitration process arising

from use of Lloyd’s Open Form. The aim is to provide the best service possible to the global marine market.

Lloyd’s Agency network provides 24 hour, year round independent marine surveying and claims adjusting services to the global insurance industry and its customers. With over 275 Lloyd's Agents and a similar number of Sub Agents, covering major ports and commercial centers around the world, the Lloyd's Agency network forms the world's most extensive surveying and adjusting network. The Lloyd’s Agency Department in London administers and manages the Agency network, provides quality control and supports clients’ use of the network by the following means:

Technical Performance Team (LAN) The Agency Department has a team of experienced and technically proficient marine claims professionals whose brief is to enhance the quality of the network’s services and the support provided to the network’s users. The Technical Performance Team is available to co-ordinate any survey or claim instruction with a view to ensuring that, wherever in the world assistance is required, the client is provided with a prompt, appropriate and effective service. Support can be provided on a structured and/or ad hoc basis.

Operations Team (LAN) The Operations Team provides day-to-day operational support to the Lloyd’s Agents and is also available to support and facilitate effective communication between our network's clients and the Lloyd's Agents.

Lloyd’s Agent : A firm that is appointed to conduct or arrange surveys of ships and cargoes for Lloyd’s underwriters, other insurers and commercial interests throughout the world. Many Lloyd’s agents also undertake non-marine surveys, act as loss adjusters and provide information about shipping movements and losses. There are over 300 Lloyd’s agents, 160 of whom have authority to settle claims on behalf of Lloyd’s underwriters and insurance companies.

Lloyd’s Aligned Member : A corporate member of a syndicate that is directly or indirectly owned by the same firm that owns the managing agent of the syndicate.

Lloyd’s American Trust Fund : A trust fund that is maintained in the USA for the protection of holders of US dollar denominated policies which incepted between August 1939 (when the fund was established) and 31 July 1995. It is a premiums trust fund. Compare Lloyd’s Dollar Trust Funds.

Lloyd’s Arbitration : A procedure for settling by arbitration a dispute between parties within the Lloyd’s community.

Lloyd’s Associates : Individuals, not being insurers, who are admitted to Lloyd’s Underwriting Room for business purposes, e.g., as accountants or solicitors.

Lloyd’s Brokerage (Lloyd’s Brokers) : The commission that is payable to a broker for placing an insurance or reinsurance contract with an insurer or a reinsurer. Compare fee for service. Although brokerage is payable by the insured as part of the gross premium the amount of brokerage is agreed by the insurer. The insured may request his broker to state the amount of his brokerage on a given placement. Similar considerations apply to reassured under reinsurances. Sometimes the term brokerage may be used to refer the business of a broker.

Lloyd’s Business Process Reform : An initiative to increase the speed and efficiency with which business is transacted at Lloyd’s and also to reduce of the cost of doing business at Lloyd’s. It includes the promotion of contract certainty.

Lloyd's Buy Back : In the context of general insurance this refers to the purchase of cover in respect of an otherwise excluded peril by means of the payment of additional premium.

Lloyd's Canadian Trust Fund : A trust fund that is maintained in Canada for the protection of holders of insurance policies covering Canadian risks. It is a premiums trust fund.

Lloyd's Captains' Room : The restaurant at Lloyd's, so called from the room at Lloyd's Coffee House which was originally used as a meeting place for seafaring men and a venue for the sale of ships and goods by auction.

Lloyd's Casualty Book : A book which stands in the centre of the underwriting room and which records details of vessels which are or are likely to become total losses. The entries are made a by Lloyd's waiter using a quill pen.

Lloyd's Central Accounting : A facility is that is operated by the Corporation of Lloyd's whereby sums due to and from individual Lloyd's brokers and syndicates are processed centrally and their accounts debited and credited on a net basis regularly. Urgent one off payments may be made more quickly.

Lloyd's Certificates : Insurance certificates issued by the Committee of Lloyd's. They facilitate the payment of claims abroad.

Lloyd's Claims Advisory Committee : A Committee at Lloyd's which advises underwriters defending legal actions whether they should proceed to trial, having regard to Lloyd's good name.

Lloyd's Claims Bureau : Lloyd's Underwriters Claims Office, used by most marine underwriters at Lloyd's to handle claims, including reinsurance matters.

Lloyd's Coordinating Agent : A members' agent who is appointed by a member who has more than one member's agent to co-ordinate the administration of the member's affairs at Lloyd's.

Lloyd's Corporate Member : A member of the Society which is a body corporate (including for the avoidance of doubt limited liability partnerships) or a Scottish limited partnership.

Lloyd's Council of : The Council of Lloyd's was constituted as the governing body of Lloyd's by Lloyd's Act 1982. It currently comprises 6 external members, 6 working members and 6 nominated members and is empowered to make byelaws governing the conduct of insurance business at Lloyd's. Since 2003 the Council has acted by Lloyd's Franchise Board as regards the development and direction of the implementation of the commercial policy of the Lloyd's franchise and the direction and regulation of the business of insurance of Lloyd's.

Lloyd's Cover Holders : Cover holders place the risks. They are companies authorized by a managing agent to enter into contracts of insurance and/or issue insurance documentation, on behalf of the members of a syndicate.

Lloyd's Dedicated Vehicle: A corporate member that only participates on one or more syndicates that are managed by the same managing agent or group of managing agents. The term is often used interchangeably with the expression aligned member.

Lloyd's Deposit : Wholly owned non-assigned assets that must be lodged in trust with the Committee of Lloyd's before a member can write any business. The amount of the

Lloyd's deposit, together with the Name's means if they are individuals or their capital if they are incorporated Names, determines the maximum limit of premium income which may written on their behalf.

Lloyd's Dollar Trust Funds : These funds are maintained in the USA for the protection of holders of US dollar denominated policies which incepted on or after 1 August 1995 (when the fund was established). They are premiums trust funds. Compare Lloyd's American Trust Fund.

Lloyd's External member (or External Name) : An underwriting member of Lloyd's who is not (or was not, just before retirement) occupied principally with business at Lloyd's by a broker or underwriting agent.

Lloyd's Form : Lloyd's Standard Form of Salvage Agreement.

Lloyd's General Representative : A person appointed by Lloyd's to represent Lloyd's and Lloyd's underwriters in a particular country or territory. A General Representative may be a natural person or a company. An agreement between Lloyd's and the General Representative sets out the General Representative's duties and responsibilities.

Lloyd's Integrated Lloyd's vehicle (ILV) : A company which owns a corporate member of a syndicate and the managing agent of that syndicate.

Lloyd's Leading Underwriter : The underwriter of a syndicate or insurance company who is responsible for setting the terms of an insurance or reinsurance contract that is subscribed by more than one syndicate or insurance company and who generally has primary responsibility for handling any claims arising under such a contract. Where an insurance or reinsurance contract that is underwritten by more than one syndicate Xchanging Claims Services normally acts as the representative of the following underwriters as regards the agreement of claims under the contract. In certain situations a managing agent of a following syndicate will be appointed together with Xchanging Claims Services to represent the following underwriters. However some matters require to be referred to all the following underwriters on risk and an insured may always insist that its claim is shown to each following underwriter.

Lloyd's Leading Underwriter's Agreement : An agreement that allows for certain changes to the terms of an insurance or reinsurance contract to be agreed by the leading underwriter(s) without reference to the following underwriters.

Lloyd's Managing Agent : A managing agent is a company set up to manage one or more syndicates, on behalf of the members who provide the capital. The managing agent employs the underwriting staff and handles the day-to-day running of a syndicate's infrastructure and operations. Often a single corporate group will manage and fund a syndicate, thereby aligning the management and capital provision. For other syndicates, a number of different members – which can include both private capital and corporate groups – not connected with the managing agent provide the capital (these are known as 'unaligned' syndicates). New syndicates are often established under a 'turnkey' model, where an existing managing agent establishes and manages the syndicate on behalf of a third party capital provider. After a period of time, the capital provider may seek regulatory approval to establish their own managing agent.

Lloyd's Managing Agents Agreement : A standard form agreement between a member and the managing agent of a syndicate on which the member participates which sets out the powers of the managing agent and the obligations of the managing agent and the member towards one another. There are two forms of managing agent's agreement:

the managing agent's agreement (general), which applies to every member that has a members' agent and the managing agent's agreement (corporate) which applies to every member that does not have a members' agent. Copies of current versions of these agreements are annexed to the Agency Agreements Byelaw.

Lloyd's Mandataire General : The title used by a Lloyd's General Representative in certain countries, predominantly those that are French speaking.

Lloyd's Market : This term may refer to the place where business is transacted between managing agents and Lloyd's brokers, or to the syndicates that provide cover at Lloyd's. The majority of business written at Lloyd's is placed through brokers who facilitate the risk-transfer process between clients (policyholders) and underwriters. Clients can discuss their risk needs with a broker, a cover holder or a service company. Specialist underwriters for each syndicate price underwrite and handle any subsequent claims in relation to the risk. Business at Lloyd's is still conducted face-to-face, and the bustling underwriting room is central to the smooth running of the market. The market structure encourages innovation, speed and better value, making it attractive to policyholders and participants alike. Immediate access to decision-makers means that answers on whether a risk can be placed are made quickly, enabling the broker to provide fast, good-value solutions. The Lloyd's market houses syndicates which offer an unrivalled concentration of specialist underwriting expertise and talent.

Lloyd's Market agreement : An agreement between all the underwriters in a certain section of the Lloyd's market.

Lloyd's Member's Allocated Capacity : That part of overall premium limit of a member that is allotted to a particular syndicate for a given year of account. It represents the amount of premium that the Member may accept in respect of that syndicate for that year of account.

Lloyd's Members' Agent : An underwriting agent which has permission from Lloyd's to be appointed by a member to provide services and perform duties of the same kind and nature as those set out in the standard members' agent's agreement. These services and duties include advising the member on which syndicates he should participate, the level of participation on such syndicates and liaising with the member's managing agents.

Lloyd's Members' Agent Pooling Arrangement (MAPA) : An arrangement operated by a members' agent whereby a number of members combine pool some or all of their underwriting capacity thus enabling them to participate in a wider range of syndicates than would otherwise be the case.

Lloyd's Members' Agent's Agreement : A standard form of contract between a member and his member's agent, which sets out the services, duties, powers and remuneration of the member's agent and obligations of the member. The terms of the contract with the exception of the amount of the members' agent's remuneration are set by the Council of Lloyd's. A copy of the current versions of the members' agent's agreement is annexed to the Agency Agreements Byelaw.

Lloyd's Name : An individual member underwriting with unlimited liability. Since 6 March 2003 no person has been admitted as a new member to underwrite on an unlimited liability basis.

Lloyd's Nameco : A company that is a corporate member whose members consist of a single individual or a group of connected individuals or their nominees. Many Namecos

were formed by Names who wished to cease underwriting on an unlimited liability basis.

Lloyd's One Outlet Rule : A rule at Lloyd's that a Broker must not be unduly dependent on one insurer in placing his business.

Lloyd's One Source Rule : A rule at Lloyd's that a Broker must not be unduly dependent on one predominant source of business.

Lloyd's Open Year of Account : A year of account of a syndicate which has not been closed by reinsurance to close. There are two types of open year of account; naturally open years of account and run-off accounts. Syndicates are required to keep each year of account open for a minimum of three years before it may be closed by reinsurance to close. In normal circumstances a syndicate will therefore have three naturally open years of account at any point in time: the third year of one year of account, the second year of the following year of account; and the first year of the next year of account. Thus in 2005 the 2003 year of account is in its third year, the 2004 year of account is in its second year and the 2005 year of account is in its first year. Where the liabilities attaching to a particular year of account of a syndicate (including any prior year of account closed into that year) cannot be quantified after three years then that year of account will be left open until such time as a reinsurance to close may be effected or all the liabilities attaching to that year of account are extinguished.

Lloyd's Overall Premium Limit (or overall premium income limit) (OPL) : In relation to a member, the limit for the time being prescribed on the amount of insurance business which is to be underwritten on his behalf from time to time, such limit being expressed as the maximum permissible amount of his premium income allocable to any year of account.

Lloyd's Overwriting : Where a syndicate exceeds its allocated capacity. Depending on the scale of the problem the managing agent of the syndicate may be required to cease underwriting some or all new business and the members may be required to make available additional funds at Lloyd's to cover the overwriting.

Lloyd's Personal Reserve Fund : A reserve of cash or investments held on behalf of a member and comprising part of his funds at Lloyd's. The reserve, which is held within the premiums trust fund of the member, may be built up by setting aside a proportion of past profits or by the setting aside of funds from other sources. It is separate from any special reserve fund the member may have.

Lloyd's Policy Signing Office Ltd : Lloyd's Policy Signing Office used to be part of the Corporation of Lloyd's. Following its incorporation it is now part of the Xchanging group of companies.

Lloyd's Slip : There are two types of underwriting slip: a placing slip and a signing slip. A placing slip is a document created by a broker that contains a summary of the terms of a proposed insurance or reinsurance contract which is then presented by the broker to selected underwriters for their consideration. Underwriters may delete, amend or add terms on a slip as they consider appropriate for the purpose of providing an indication or a quotation. A signing slip is a document that is created by a Lloyd's broker after a quotation has been accepted for the purpose of processing premiums under the contract that is evidenced by the placing slip. It is a cleaned up version of the final placing slip and shows underwriters' stamps, signed lines and underwriting references, these details being inserted by each underwriter at the request of the broker. Provided that it shows the underwriters' stamps, signed lines and underwriting references a placing slip may be used as a signing slip.

Lloyd's Slip Policy : A signed slip which is agreed to be a policy where the insured or the reassured does not require a separate policy.

Lloyd's Special Reserve Fund : A reserve that is held on behalf of a member and comprising part of his funds at Lloyd's. The reserve, which is held within the premiums trust fund of the member, may be only built up by setting aside a proportion of past profits and funds can only be withdrawn from it in the event of the payment an overall underwriting loss or on the death or resignation of the member following the closure of all years of account in which he underwrote. It is separate from the personal reserve fund of a member.

Lloyd's Syndicate [*] : A member or group of members underwriting insurance business at Lloyd's through the agency of a managing agent or a substitute agent to which a syndicate number is assigned by the Council. Except where it is expressly otherwise provided the several groups of members to which in different years a particular syndicate number is assigned by or under the authority of the Council shall be treated as the same syndicate, notwithstanding that they may not comprise the same members with the same individual participations. [*] = Syndicate allocated capacity = In relation to a syndicate, the aggregate of the member's syndicate premium limits of all the members for the time being of the syndicate.

Lloyd's Syndicate Business Forecast : A statement of the expected range of results of each open year of account of a syndicate that is submitted to Lloyd's by its managing agent in mid-year together with the managing agent's expectations for the next year of account.

Lloyd's Syndicate Business Plan : A plan of the underwriting of a given syndicate for a given year of account that is prepared by the managing agent of a syndicate and submitted to Lloyd's for approval in advance of the commencement of underwriting for that year of account.

Lloyd's Syndicate Number : The unique identifying number assigned to a syndicate by the Council of Lloyd's.

Lloyd's Syndicate Pseudonym : A series of letters used to identify a syndicate which together with its number are contained in the underwriting stamp of the syndicate.

Lloyd's Syndicate Reinsurance : The reinsurance of a syndicate by one or more reinsurers. Such reinsurance can only be arranged by a Lloyd's broker.

Lloyd's Syndicate Stamp : This term may refer to – (a) a document which lists the names of the members of a syndicate for a given year of account and the amount of each member's overall premium limit that is allocated to that syndicate; (b) the syndicate allocated capacity of a syndicate; or (c) the underwriting stamp of a syndicate.

Lloyd's Syndicate, Mixed : A syndicate which is made up of Names and/or MAPAs and corporate members.

Lloyd's Tenderer : A member that seeks to sell some or all of his underwriting capacity in a capacity auction.

Lloyd's Underwriting Agent : A person who acts as an agent for an underwriting member of Lloyd's (a) as a member's agent who acts in all respects for the member, other than in managing the underwriting syndicate, and/or (b) as a managing agent, who manages the affairs of the syndicate.

Lloyd's Working member: A member who occupies himself principally with the conduct of business at Lloyd's by a Lloyd's broker or underwriting agent, or a member who has retired but who immediately before his retirement occupied himself in this way.

Lloyd's Written Line : The amount of a risk that an underwriter is willing to accept on behalf of the members of the syndicate or company for which he underwrites. This is commonly expressed as a percentage of the sum insured which is written on the broker's placing slip. If, on completion of the broking exercise, the written lines exceed 100% then, absent some contrary instruction, they will be signed down by the broker, which is to say they will be reduced proportionately so that they total 100%.

Lloyd's Xchanging : An outsource provider of policy, premium and claims processing services to the Lloyd's market and others. These services are delivered via its operating subsidiaries, Ins-Sure Services and Xchanging claims services.

Lloyd's, Following Underwriter : An underwriter of a syndicate or an insurance company that agrees to accept a proportion of a given risk on terms set by another underwriter called the leading underwriter.

Lloyd's, Franchise Board The board established by the Council of Lloyd's which is responsible for developing and directing the implementation of the franchise policy to create an maintain a commercial environment at Lloyd's in which the long term return to all capital providers is maximized. The Council delegates certain of its powers to the Board which may operate within limitations set by Council.

Lloyd's, Open Market Business : Insurance business that may be offered to and placed with any managing agent that is willing to underwrite it on behalf of its managed syndicate. It excludes business that is underwritten pursuant to a binding authority.

Lloyd's, Open Market Correspondent : A firm that produces business to a Lloyd's broker for placement on an open market basis. Lloyd's requires that firms in certain overseas territories must be approved or registered by its attorney in fact or general representative before they can produce business to one or more sponsoring Lloyd's brokers for placement on an open market basis.

Lloyd's, Corporation of : The Lloyd's Corporation oversees and supports the Lloyd's market, ensuring it operates efficiently and retains its reputation as the market of choice for specialist insurance and reinsurance risk. The Corporation of Lloyd's oversees and supports the market, and promotes Lloyd's around the world. This includes determining the capital that members must provide to support their proposed underwriting, working with the management of underperforming syndicates to improve performance, undertaking financial and regulatory reporting for the Lloyd's market, managing and developing Lloyd's global network of licenses and the Lloyd's brand. It comprises many different teams, from International Markets and Business Development to Claims and Market Operations. These teams work together to promote Lloyd's around the world, raise performance and manage Lloyd's worldwide licenses. Maintaining and developing the attractiveness of the market. Managing and developing Lloyd's global network of licenses and the Lloyd's brand. Taking action in the long-term interests of the market.

Lloyd's, Funds at Lloyd's : Funds of an approved form that are lodged and held in trust at Lloyd's as security for a member's underwriting activities. They comprise the members deposit, personal reserve fund and special reserve fund and may be drawn down in the event that the member's syndicate level premium trust funds are insufficient to cover his liabilities. The amount of the deposit is related to the

member's premium income limit and also the nature of the underwriting account. (See risk based capital).

Lloyd’s, Members of : Members provide the capital to support the syndicates’ underwriting. Members include some of the world’s major insurance groups and companies listed on the London Stock Exchange, as well as individuals and limited partnerships. Corporate members provide most of the capital for the Lloyd’s market.

Lloyd’s, Underwriting Capacity : Depending on the context this term may refer to: (a) a member’s allocated capacity (b) syndicate allocated capacity, with or without the addition of cover from qualifying quota share reinsurance; (c) the total underwriting capacity of all syndicates combined, with or without the addition of cover from qualifying quota share reinsurance; or (d) the underwriting capacity of an insurance company or a reinsurance company. Underwriting stamp The stamp that is applied to a slip by an underwriter to signify his acceptance of a risk. It shows the number and pseudonym of the syndicate or the name of the (re)insurance company for whom the underwriter acts and has a space for his underwriting reference to be inserted. The underwriter will insert his line on a slip next to his underwriting stamp.

Lloyds : Depending on the context this term may refer to - (a) the society of individual and corporate underwriting members that insure and reinsure risks as members of one or more syndicates. Lloyd’s is not an insurance company; (b) the underwriting room in the Lloyd’s Building in which managing agents underwrite insurance and reinsurance on behalf of their syndicate members. In this sense Lloyd’s should be understood as a market place; or (c) the Corporation of Lloyd’s which regulates and provides support services to the Lloyd’s market.

Lloyd's Act 1982 : The most recent of seven private Acts of Parliament that define the powers of the Society of Lloyd’s. The Council of Lloyd’s was made the governing body of Lloyd’s under this Act.

Lloyds Association : Group of individuals who together insure risks. The group is organized along the same lines as, though not connected with, an Underwriting syndicate at Lloyd's of London. Each member of the group is responsible only for the share of each risk that it assumes. Only a limited number of these associations operate in the United States.

Lloyd's Average and Recoveries Department : Deals with General Average and cargo claim due to collision.

Lloyd's Brokers : At Lloyd’s, brokers act as the agent of the insured or reinsured to arrange insurance or reinsurance with Lloyd’s syndicates. Brokers may be registered Lloyd’s Brokers who are able to enter into terms of business agreements with any Lloyd’s managing agent. Non-Lloyd’s brokers may also enter into terms of business agreements subject to the managing agent assessing that the broker meets certain minimum standards. Only brokers registered as Lloyd’s Brokers may refer to themselves as a Lloyd’s Broker. Many broking firms are also approved by Lloyd’s to act as a cover holder (See Cover holder).

Lloyd's Confidential Index : Published twice a year in March and September and gives an alphabetical list of world ship-owners and details of vessels owned/managed by them. listed are names of vessels with former names, year of acquisition by present owner/manager, type, where built, year of built, gross, net and dead weight tonnages, classification society, flag and brief details of trading area, Importantly also shown is the record of each owner/manager with regard to total losses dating back up to ten years with prior periods in summary form.

Lloyd's Law Reports : Maritime and Insurance cases hard in English courts are reported in this monthly publication.

Lloyd's List : A daily newspaper published by Lloyd's which provides worldwide service of news of interest of the maritime, Insurance and transportation industries.

Lloyd's Loading List : A weekly guide to exporters giving details of vessels due to load in UK ports.

Lloyd's Maritime Atlas : the Atlas covers the world with special emphasis on ports and world weather conditions. Large scale maps of areas of particular interest and a list of ports on a country by country basis are also given.

Lloyd's Market Board : The committee of the Council of Lloyd's that was formerly responsible for the development and growth of Lloyd's worldwide business. It was abolished in 2002 in anticipation of the transfer of its responsibilities to Lloyd's Franchise Board.

Lloyd's Register of Shipping : It is an organization independent of the corporation of Lloyd's and publishes 'Register of Ships' together with other ancillary publications. The Register of shipping' published annually contains particulars of all known ocean-going merchant ships of 100 tons gross and upwards. the Register is kept up-to-date by means of cumulative monthly supplements containing changes of name, ownership, flag, tonnage, etc., for all ships together with a cumulative list of new ships not recorded in the Register itself.

Lloyd's Regulatory Board : The committee of the Council of Lloyd's that was formerly responsible for the regulation of the Lloyd's market. It was abolished in 2002 in anticipation of the transfer of its responsibilities to Lloyd's Franchise Board.

Lloyd's Solvency Test : A test that is undertaken annually to ensure that members of the Society have sufficient eligible assets to meet their underwriting liabilities. The test is undertaken at member level and also on an aggregate basis for all members taking in account the centrally held assets of the Society such as the New Central Fund. Any member that fails the solvency test at member level will be required to provide additional funds or cease underwriting. The centrally held assets of the Society must be sufficient to cover any shortfall of assets at member level.

Lloyd's Underwriters : This term may variously refer to - (a) the professional underwriters who are employed by managing agents to underwrite insurance and reinsurance business on behalf of the members of the syndicates that those agents manage. (b) the members of one or more syndicates that underwrite a particular policy; or (b) all members (of the Society) collectively.

Lo / Lo : The acronym meaning, "lift-on, lift-off", denoting the method by which cargo is loaded onto and discharged from an ocean vessel, which in this case is by the use of a crane.

Load : The add charges to an insurance premium.

Load Factor : Capacity sol as against capacity available, expressed as a percentage.

Load Line : The outer line on the body of a ship up to which she submerges in water with safety. It varies according t the season and waters in which she plies.

Loading : (i) Rupee amount or percentage added to the basic rate or premium to cover an Insurer's cost of securing and maintaining business. Any other percentage or rupee addition to a basic Insurance rate or premium to cover the additional cost of a future type of coverage or for special safety inspection services. Those elements added to the risk premium to allow for Insurers expenses, profits and contingencies.

Loading : The overhead or administrative expenses of an insurer that is included in the cost of a policy.

Loan Receipt : In property Insurance, an instrument which an Insurer issues to its insured when paying a loss for which a third party may be legally liable. Under this instrument, the Insurer lends to the insured, rather than paying the insured outright, the Insurer lends to the insured, rather than paying to the insured outright, the money needed to restore the damaged property. The Insurer agrees to cancel the loan to the extent that the amount of the loss cannot be recovered from the third party. Loan receipts have been used to circumvent stipulations in bills of lading and other contracts through which shippers and others have sought indirect protection under Insurance purchased by owners of damaged property.

Local Agent : A producer of insurance whose activities are purely of local extent.

Local Authorities Clause under Standard Fire and Special Perils Policy: Reinstatement value policy may be extended to cover additional cost of reinstatement solely by reason of the necessity to comply with the regulations of the local authority. No additional premium.

Location Card : A record of Insurance placed on a location.

Location Clause : A clause in cargo open cover or floating Policy which limits Insurance cover whilst goods are accumulated in one location.

Location Limit : A limit in an open policy on Marine Cargo restricting the liability of the insurers on cargo in any one location before shipment.

Lok Adalat (Settlement of Motor Accident Related Cases through alternative forum) : The legal Services Authorities Act, 1987 provides for organizing of Lok Adalat by the Legal Services Committees at various levels to determine and arrive at a compromise or settlement between parties to a dispute in respect of any case pending before any court for which the Lok Adalat is organized. The Insurance industry has also established Claims Conciliation Committees and Jald Rahat Yojana which enables negotiated settlements. The award by these would not carry any interest. Thus, the settlement through the above enable the companies to save the interest and administration charges.

Lok Adalat, Permanent Lok Adalat for "Insurance Service" : By amendment of 2002 called "Legal services Authorities (Amendment) Act, Permanent Lok Adalat have to be established to cover "Insurance Service" and "Public Utility Service". Lok Adalat is an alternative forum where cases can be compromised by both the parties with the intervention of the member Judges. They have jurisdiction to determine and arrive at a compromise settlement between the parties to a dispute, in respect of any case pending before or any matter falling within the jurisdiction of and not brought before any court, for which the Lok Adalat is organized. The Award of the Lok Adalat is at par with the decree of a Civil Court and is final and binding on all the parties to he dispute and no appeal lies in any Court against the Award.

London & International Insurance Brokers' Association (LIIBA) : LIIBA is the trade association representing the interests of Lloyd's insurance and reinsurance brokers

operating in the London and international markets. LIIBA's Mission is to ensure that London remains where the world wants to do business by continuing the transformation of market processes and maintaining the highest professional standards.

London Insurance and Reinsurance Market Association (LIRMA) :Association that used to represent reinsurance companies as well as insurance companies that did not market marine insurance. LIRMA and the Institute of London Underwriters shared the same facility for processing policies and claims.The IUA was formed in January 1998 from the merger of the London International Insurance and Reinsurance Market Association (LIRMA) and the Institute of London Underwriters (ILU). Refer : "International London Underwriters Association of London.". Also, refer : "Institute of London Underwriters."

London Market : Insurance and reinsurance business carried out on a face-to-face basis in the city of London.

London Market Group (LMG): The London Market Group (LMG) represent the insurance and reinsurance market in London. The LMG is a market-wide body, bringing together the specialist commercial (re)insurance broking and underwriting communities in London. It is supported by the International Underwriting Association of London (IUA), Lloyd's of London, the Lloyd's Market Association (LMA) and the London & International Insurance Brokers' Association (LIIBA). It speaks collectively for market practitioners on growth and modernisation issues, and its aim is to build on London's position and reputation as the global centre of insurance excellence.

Long Tail Claims : Claims notified or settled a long time after the expiry of a period of insurance.

Long Term Agreement : A mutual agreement whereby in return for agreeing to continue the Insurance for a fixed number of years, the insured is allowed a discount on each annual premium. The Insurer normally retains the right to vary the terms of Insurance during the period but period but is exercised the insured may cancel the agreement without forfeiture of earlier discounts.

Long Term Care : Care which is provided for persons with chronic diseases or disabilities. The term includes a wide range of health services provided under the supervision of Medical professionals.

Long Term Disability : A generally accepted period of time of more than two years – can vary according to company standards.

Long Term Insurance : (1) Insurance forming part of a long-term business (2) In Fire Insurance a contract that is expressed at the outset as being for a term of two or more years. (iii) In Engineering Project Insurance a contract that is expressed at the outset as being for a term of two or more years.

Long-tailed business : Types of insurance in which a substantial weight of claims take several years to be notified and/or settled from the date of exposure and/or occurrence.

Loss : An unplanned decrease in a property (or other) value which can be measured in rupee terms. As regards insurance the term generally refer to (i) The amount of reduction in the value of an insured's property caused by an insured peril. (ii) The amount sought through an insurance claim. (iii) The amount paid on behalf of an

insured under an insurance contract. (02) What the Policyholder may suffer an what insurance is designed to cover.

Loss Adjuster : A person who assesses the size or value of a loss on behalf of the Insurer.

Loss Adjustment : The settling of an insurance claim.

Loss Adjustment Expenses : Expenses incurred to investigate and settle losses.

Loss and Loss Adjustment Reserves to Policyholder Surplus Ratio : The higher the multiple of loss reserves to surplus, the more a company's solvency is dependent upon having and maintaining reserve adequacy.

Loss Assessment Charge : An insured's share of a loss assessment for property damage or liability.

Loss Business Interruption : The profits that are lost and the expenses that continue when a business has to suspend or reduce its operation because assets are damaged destroyed or taken.

Loss Cause Analysis : To analyze the case of loss and to find out whether the loss was preventable, or took place because of negligence or carelessness of the insured, or whether the loss arose owing to poor maintenance of housekeeping or due to larger issues like a downturn in the local economy or country or social unrest etc.

Loss Clause : A stipulation in a Property insurance policy which states that after a partial loss covered by the policy has been paid, the original limit of the policy will be automatically reinstated. Same as "Automatic Reinstatement Clause".

Loss Cost : The portion of the premium rate represented projected losses with or without LAE or ALAE.

Loss, Actual Total : Actual total loss occurs (a) When the subject matter of the insurance is destroyed there is a clear case of actual total loss. The word "destroyed" is not to be interpreted literally. If a vessel is badly damaged by fire reducing it to charred metal, absolutely beyond repair, it is deemed to be total loss. Thus, total physical destruction is not contemplated. (b) When the goods are so damaged that they cease to be thing of the kind insured. This is known as "loss of specie". If a vessel collides with rocks and is reduced to a complete state of dismemberment, thereby losing its characteristics form a ship fit to carry goods, an actual total loss occurs. When the sugar may be so damaged by sea water as to lose its character as sugar, there will be an actual total loss. Cement damaged by sea water may turn into concrete. Fish, fruit and other perishable goods may be so damaged by fermentation or putrefaction caused by sea water damage that they will lose their original character of the commodity insured. (c) Where the goods are so situated that the insured is irretrievably deprived of their possession. e.g., goods may be intact on a ship which has been captured during war and not released. If vessel founders at sea and it is practically impossible to save her by salvage measures an absolute total loss occurs. Cargo on board the vessel will also be actual total loss although it may be still intact. If a ship is missing and that if no news has been received after the lapse of a reasonable period, she is presumed to be an actual total loss by a marine peril.

Loss-Business-Discontinuation : The loss a sole proprietor, a partnership, or a close corporation may suffer because the death or disability of one of the owners cause the firm to go out of business.

Loss Constructive Total : This is a 'Commercial' total loss and subject to any policy provision, a constructive total loss arises where the subject matter of an insurance is reasonably abandoned to the insurer by the insured on account of its actual total loss appearing unavoidable or because it could not be preserved from actual total loss without an expenditure that would exceed its value. For example, an old automobile might suffer damage which could be repaired, but the cost of repairs would be more than the actual cash value of the automobile.

Marine Insurance Act, 1963 vide Sec.60(1) provides that there is CTL when the subject matter is reasonably abandoned because either (a) actual total loss appear unavoidable, or (b) to prevent actual total loss requires expenditure exceeding the saved value. Sec. 60(2) provides that there is a CTL (i) Where the insured is deprived of the possession of ship or goods by a peril insured against, and (a) it is unlikely that he can recover the ship or goods as the case may be or (b) the cost of recovering the ship or goods would exceed their value when recovered. (ii) in the case of damage to a ship where she is so damaged by a peril insured against that the costy of repairing the damage would exceed the value of the ship when repaired (iii) in the case of damage to goods, where the cost of repairing the damage and forwarding the goods to their destination would exceed their value on arrival.

Loss Control : All methods of reducing the frequency and/or severity of losses including exposure avoidance, loss prevention, loss reduction, segregation of exposure units and non-Insurance transfer of risk, A combination of loss control or risk control techniques with risk financing techniques forms the nucleus of a risk management program.

Loss Control, the Domino Theory, Heinrich's: This theory holds that all accidents are the result of a chain of events or row of dominoes which includes :

1. The ancestry of environment of the accident (such as general community conditions or the basic character or the basic character of a person involved in the accident);

2. The fault of a person (such as recklessness), an unsafe act and/or safe physical condition (such as negligence, intentional wrong doing the absence of a necessary machine guard, or insufficient lighting);

3. An accident (such as a person falling or a machine falling under stress); and

4. Resulting losses (such as bodily injury, damage to property or environmental pollution).

Each element in this sequence can be viewed as a domino which, if it falls, will knock over the following dominoes and result in a loss. By this theory, the key to accident prevention is to remove one of the dominoes so that, should a preceding domino fall, the following ones will remain standing and no losses will occur.

Loss Conservation Factor : In retrospective rating, factor applied to incurred losses to compensate the Insurer for claims investigation and settlement services.

Loss Constant : Flat amount included in the premium for some small Insurance policies, to offset the greater- than-average loss experience that most small insured are thought to experience, compared to all other insured in a given classification.

Loss Control Tools : A technique designed to change the loss exposure itself, the objective being to reduce the frequency or severity of the potential losses or to make those losses more predictable.

Loss Control, the Energy release theory, Dr. William Haddon, Jr's : Accidents are the result of out-of-control energy putting more stress on a structure (including the human body) than that structure can tolerate without damage. From this concept of accident causation, preventing or minimizing accidental losses centers upon attempts to identify conditions which produce inadequately controlled energy, or methods of safeguarding structure against such energy.

Loss Control, the Engineering Approach : The engineering approach emphasizes mechanical or physical causes of accidents such as defective wiring, improper disposal of waste products, poorly designed highway intersections or automobiles, and unguarded machinery, the consideration of engineering hazards is an essential part of any loss control programme. An examination of engineering hazards is supposed to be particularly pertinent to Fire losses because tangible things, such as the construction of the building, the provision for protection, the type of occupancy, and the external features such as the quality of the quality of the surroundings, may contribute to Fire hazard.

Loss Conversion Factor : A term used in a retrospective rating plan. It is a factor applied to the losses in the formula to give the insurer the funds needed to handle the investigation of claims.

Loss Department : Sometimes called claims department. That part of an Insurance Company that pays and handles claims of losses.

Loss Development : The difference between the amount of losses initially estimated by the insurer and the amount reported in an evaluation on a later date.

Loss Development Factor : For liability and worker's compensation Insurance, any mathematical factor used to estimate the future value of current known unpaid and incurred, but not reported losses.

Loss Event : Term used in relation to the total claims payable by an insurer or reinsurer resulting from a single cause as an earthquake.

Loss Expectancy : An underwriter's estimate of the probable maximum loss to be suffered on an exposure being considered, with attention given to the expected level of loss prevention activities on the part of the insured.

Loss Expense Reserve, Reinsurance : Refer : "Reinsurance, Loss Expense Reserve"

Loss Experience : What the loss history has been on a particular line or book of business.

Loss Exposure, Liability : In addition to property and net income loss exposures a business faces possibility that it will be held legally liable for property damage or personal injuries suffered by others. Anyone can sue for anything. They might not win – indeed they might be thrown out of court – but they can sue, making life difficult for the defendant even though he might have acted as a saint.

Loss Exposure, Net Income : When any of its property gets lost, damaged or destroyed a business may suffer a reduction in its net income until the property is restored back to its former condition. Thus is because business loses use of that property in whole or in part as a result either (a) revenues are decreased : such as loss of rent, interruption in operation, contingent business interruption, loss of profits on finished goods, reduction in receivables, increase in expenses (b) expenses are increased such as rental value loss, extra expenses.

Loss Exposure, Personnel : Personnel losses are caused by death, disability, retirement, resignation or unemployment Two main effects measureable in terms of money are (i) loss of the value of the person's service as for example loss of profits to a promoter when because of sickness or death of a popular artist, a series of events have to be cancelled, loss of future earning for an organization when several technocrats resign to start their own company, loss of income to a family when the only earning member is laid off, etc., and (ii) Any extra expenses caused by that loss such as medical bills a family or organization has to incur, extra expenses for delay in filming a movie when the lead hero or heroine falls ill, extra expenses necessitated for employing and training new staff if the old ones do not return after a long shutdown, etc.

Loss Exposure, Property : Exposure to loss from the damage, destruction, or taking of property.

Loss Financing : Refer 'Risk financing.'

Loss Frequency : The probabilities of various types of losses

Loss, Direct Property : A loss that occurs because property that is damaged, destroyed, or taken by a specified peril must be repaired or replaced.

Loss In Progress Rule : Insurance can only indemnity an insured against risks of loss that are both unknown and unexpected. If a loss is already in progress at the time the policy is acquired the loss is no longer fortuitous but a rather a certainty. The Loss in Progress Rule prohibits recovery for a non-fortuitous loss.

Loss, Earning Power : The present value of a person's after tax income less in the case of death the amount of that income the person would have spent on himself if he had lived, A more complete definition would add the present value of the employee benefits lost and the cost of replacing services the person would have rendered his family.

Loss, Estimated Probable (or Possible) Maximum (E.P.M.L.) : The worst loss that is likely to occur because of a single event.

Loss, Expected : The average loss in the long run. The expected loss is the mean of the probability distribution of losses, not the mode.

Loss, Exposure : The possibility that a particular property or person may suffer loss from a particular peril; often referred to simply as "exposure".

Loss, Extra Charges : Those charges e.g., survey fee incurred in order to ascertain the extent of loss or damage. These are paid in the first instance, by the claimant. If the claim is admissible, these are reimbursed to him by the insurer.

Loss, Extra Expenses : The extra amount a business spends to continue at least art of its operations of damage to or taking of its assets would otherwise interrupt its operations.

Loss, GA Disbursement Cover : Due to general average salvage charges are incurred. In the subsequent voyage if cargo becomes a total loss due to total loss of the vessel, the ship-owners will be having no contribution from cargo owners. The GA expenditure incurred is not available. GA disbursement cover pays such loss.

Loss, General Average : This is an extraordinary sacrifice or expenditure voluntarily and reasonably made at the time of common peril. All interests have to contribute to General Average. So far as cargo is concerned, the position is as follows : (a) If cargo

is sacrificed, the owners of cargo can claim directly from their Insurers for the loss. (b) The owners of cargo saved can claim directly, from their Insurers, for their liability to "contribute" for general average losses. Both the above are subject to the cause of general average being an insured peril.

Loss, Increase in Weight : Commodities like wool, tobacco, etc. gain in weight due to the absorption of sea-water, therefore, in arriving at the sound value of the damaged cargo such increase in weight must be determined and deducted from the damaged weight. This may be ascertained by comparing the weight of sound cargo and the weight of the damaged cargo.

If part of goods arrive sound then an comparison between shipped and delivered weights can be made. If the whole shipment is so damaged increase in weight becomes unascertainable. In such cases rules of Practice offer guidance.

E-4 : Allowance for water and/or impurities in picked cotton : When bales of cotton are picked, and the pickings are sold wet, the allowance for water in the pickings (where there are no means of ascertaining it) is by custom, fixed at one-third. There is a similar custom to deduct one-sixth from the gross weight of picking or country damaged cotton to take account of dirt, moisture and other impurities.

E-5 Allowance for water in cut tobacco : When damaged tobacco is cut of, the allowance for water in the cutting is one-fourth if the actual increase cannot be ascertained.

Loss Limitation : Another term used in retrospective rating formulas. It is designed to limit the effect of catastrophic losses that would otherwise be considered in full in figuring in the final retrospective premium.

Loss Loading : Refer : “Reinsurance, Loss Loading”

Loss Multiplier : A factor applied to a loss cost to develop a premium rate.

Loss of Engagements : Where a ship owner is deprived of the use of a ship through an insured peril, e.g., collision, the loss consequential on loss of engagements is insurable.

Loss of Hire Policy : This covers loss of hire suffered by the ship-owner if the vessel which is given on charter is laid-up for repairs following a casualty covered under terms of the Hull and Machinery Policy.

Loss of Hire Policy, Marine : This covers loss of hire suffered by the ship-owner if the vessel which is given on charter is laid-up for repairs following a casualty covered under terms of the Hull and Machinery Policy. The conditions applicable are those covered by Institute Time Clauses-Hulls, but excluding Total Loss. It is usual to stipulate that repairs must be commenced within 12 months of the expiry of the policy.

Loss of Income Benefits : Benefits paid for inability to work for remuneration because of disability resulting from accidental bodily injury or sickness. The loss of income may be real or presumptive.

Loss of Income Insurance : Insurance paying loss of income benefits consequence upon accident or sickness.

Loss of Licence Insurance : Insurance to provide a benefit to the member of an aircrew whose license is withdrawn because of physical unfitness arising from accident or illness.

Loss of Limb : In Personal Accident Insurance the Policy may grant a lump sum benefit for the loss of one or more limbs resulting from an accident.

Loss of Limbs : Loss of limb(s) is defined as total and irrecoverable loss of: (a) sight of both eyes or the actual loss by physical separation of the two entire hands or two entire feet or of one entire hand and one entire foot or of such loss of sight of one eye and such loss of one entire hand or one eye and such loss of one entire hand or one entire foot. The loss of sight must be total and irrecoverable, hence blind for all practical purposes does not satisfy the definitions, but claims are admissible if vision has become so impaired that it is impossible to recognize objects, although the difference between darkness and light can be distinguished. It is also to be noted that loss of limbs include loss of use of limbs i.e., eyes are there intact but loss of sight is lost due to accident. (b) use of two hands or two feet or of one hand and one foot or of such loss of sight of one eye and such loss of use of one hand or one foot of the insured.

Loss of Market : A term found in Marine Ocean and Marine Inland contracts as part of the Delay and Loss of Market Exclusion. Loss of market is the inability to sell a product to prospective buyers. This is considered a normal business risk and not coverable under insurance contracts except in some cases such as meats, where spoilage can result in loss of market. If the spoilage is the result of some even such as a storm at sea or a derailing coverage can be purchased for an additional premium.

Loss of Missing Ship : Where the ship concerned in the adventure is missing and after lapse of reasonable time no news of her has been received, an actual total loss may be presumed.

Loss of Profit, Fire (Consequential Loss) Insurance : The consequential loss Insurance provides cover for lost profit, increased cost of working etc. The Policy provides for payment of (a) net profit (b) standing charges i.e. expenses which continue to accrue at their normal level despite the reduction in earning capacity. (c) increased cost of working i.e. expenses incurred in maintaining production by the adoption of temporary expedients.

Loss of Profits Policy : This Policy covers the Charterers loss of profits, over the period of charter if the vessel is time chartered or during the voyage charter if vessel is chartered for a voyage following total loss of the vessel.

Loss of Profits Policy, Marine Hull : This Policy covers the charterers' loss of profits, over the period of charter if the vessel is time chartered or during the voyage charter if the vessel is chartered for a voyage following total loss of the vessel.

Loss of Rent Clause : Add On Peril under Standard Fire and Special Perils Policy : The insurance on rent applies only if any of the insured building(s) or any part thereof is unfit for occupation in consequence of its destruction or damage by the perils insured against and then the amount payable shall not exceed such portion of the sum insured on Rent as the period necessary for reinstatement bears to the term of the Rent insured.

Loss of Specie : There is said to be loss of specie when property the subject of insurance is so damaged that it ceases to be a thing of the kind insured, as where a motor cycle is crushed or clothes are burnt to ashes.

Loss of Time Benefits : Benefits paid because the insured is disabled and unable to work.

Loss of Use Insurance : Insurance of loss to an aircraft operator or a motorist consequential upon accidental damage to an insured vehicle, by way of indemnity or fixed benefit.

Loss Payable Clause : Property Insurance provision authorizing the Insurers to pay any loss to the insured or to others identified in the Policy as their interest in future losses may appear at the time of those losses.

Loss Payee : The party to whom money or insurance proceeds is to be paid in the event of loss, such as the lienholder on an automobile or the mortgagee on real property.

Loss Prevention : Activities undertaken to prevent losses from occurring.

Loss Prevention Association of India : Way back in the 1970s, there was a growing concern in the general insurance industry about the magnitude of fires, road mishaps, industrial accidents, damage to cargo - resulting in loss of life and property, most of which was avoidable. It was this concern for preventing such losses and containing their consequences that prompted the general insurance industry to promote the Loss Prevention Association of India Ltd. or LPA as it popularly came to be known.

Loss Prevention Association of India was set up in January 1978 as a company limited by guarantee, engaged in promotion of safety and loss control through education, training and consultancy. It has emerged as a premier safety organization with multifaceted expertise, having offices at Delhi, Calcutta, Chennai. Hyderabad and Kochi. However, w.e.f. 27th April 2016 it has been amalgamated with GIC Re.

Loss Prevention Engineer : An insurer's staff member who is charged with the responsibility of loss prevention and who assists in the securing of underwriting and rating information.

Loss Prevention Service : Engineering and inspection work done by Insurance companies or independent organization for the purpose of changing or removing conditions which would be likely to cause loss.

Loss Ratio : Fraction calculated by dividing the amount of insured losses by the amount of Insurance premium, expressed as a percentage of the premiums. Various bases are used in calculating the loss ratio, which may apply to an Insurer's entire operations, a particular type of Insurance, or a particular insured's losses.

Loss Ratio Method : Procedure for changing by uniform percentage the premium rates for several classes of closely related property or liability Insurance contracts in order to bring the combined actual loss ratio of these classes to the expected or permissible loss ratio for these classes. If "A" represents the combined loss ratio, and "E" the combined expected or permissible loss ratio, the loss ratio method calls for multiplying the premium rate of each Policy by the factor (A=E) /E. Compare with "Pure premium method."

Loss Ratio Permissible : Highest loss ratio which permits an Insurer to earn its anticipated Underwriting profit. This ratio usually is computed as (losses incurred plus loss adjustment expenses) / earned premiums, but it also may be computed as (incurred losses plus loss adjustment expenses)/ net premiums written.

Loss Reduction : Any risk management technique, measure, or method designed to reduce the severity of accidental losses. Loss reduction should be distinguished from loss

prevention, which includes risk management measures to reduce the frequency of accidental losses.

Loss Report : Agent's written account of a claim or loss suffered by his client.

Loss Reserve : The estimated liability, as it would appear in an insurer's financial statement, for unpaid insurance claims or losses that have occurred as of a given evaluation date. Usually includes losses incurred but not reported (IBNR) losses due but not yet paid, and amount not yet due. For individual claims, the loss reserve is the estimate of which will ultimately be paid out on that claim.

Loss Run : Periodic report that lists accidental losses or claims incurred by an organization. Usually prepared in computerized form, a loss run shows each claim or loss number, date of loss, status (open or closed), claimant: description of loss, value of incurred loss. Loss reserve, and other information designed to analyze or to prevent such losses in the future.

Loss Salvage : This is a system of loss settlement used when damaged goods are landed at an intermediate port, usually a port of distress, and it is found necessary to sell the goods at this port in order to prevent the goods becoming a total loss or suffering further damages. In such circumstances, the Insurers agree that the goods be sold and the insured is allowed to retain the sale proceeds less the sale charges and survey fee. The claim amount paid is the difference between the sum insured and the amount retained by the insured. Such loss settlements are effected in exceptional circumstances when goods are landed in damaged condition short of destination. This method of settlement is never adopted when loss is assessed at destination.

Loss Severity : Potential size of future losses.

Loss Trending : Use of past loss frequency and loss severity data to project future expected losses. Techniques for loss trending include use of mathematical averages through loss ration trending weighted averages, inflationary indices and loss development factors.

Loss Year Statistics : Synonym for 'Accident year statistics'.

Loss, Indirect Property : A loss that occurs because some property is adversely affected by the fact that some other property is damaged destroyed or taken by a specified peril. For example, food in a refrigerator spoils when Fire destroys a transformer.

Loss, Key Person : The loss a business may suffer because of death disability of a employee with special skills, knowledge or other qualities difficult to replace.

Loss, Leasehold Interest : The loss to a tenant, in case a building is damaged, or a valuable lese under which the rental value exceeds the rent.

Loss, Matrix : A listing of the rupee losses associated with each possible risk management tool and each possible outcome. For example, a decision to retain would produce a loss of Rs. 10,000 if a Rs. 10,000 loss occurs, A decision to purchase complete Insurance would produce a 'loss' of the Insurance premium no matter what the outcome may be. The original loss matrix should be converted to an after-tax basis and extended o include the intangible costs (worry caused by short-run uncertainty) as well as the tangible rupee losses.

Loss, Maximum Estimated (E.M.L.) : A worst loss that is likely to occur because of a single event.

Loss, Maximum Probable (M.P.L.) : Refer : 'Loss, Maximum estimated'.

Loss, Maximum Probable Yearly Aggregate : The largest aggregate rupee loss that is likely to occur during the year. This aggregate loss depends upon the number of occurrences per year as well as their severity.

Loss, Net Income : A decrease in revenue or an increase in expenses that occurs because one loses the use of property that is damaged. destroyed or taken.

Loss, Partial Freight : Where there is a partial loss of freight, the measure of indemnity is such proportion of the sum fixed by the Policy in the case of a valued Policy or of the insurable value in the case of an unvalued Policy, as the proportion of freight lost by the assured bears to the whole freight at the risk of the assured under the Policy.

Loss, Particular Average (Partial Loss) : It occurs :

1. Where part of the cargo is totally lost, e.g., non-delivery, theft, loss during loading/unloading:
2. When the goods arrive in a damaged condition. The deciding factor for payment of partial loss is the "cause" of such loss. If such loss cause is covered by the Policy it would be payable, otherwise not.

Loss, Particular Charges : An expense incurred by the insured in order to assess. prevent or minimize a loss for which underwriters are or would be liable excludes general average and salvage charges, but includes sue ad labor survey fees, forced sale charge, etc. Examples are also reconditioning charges at destination to avoid a greater partial damage claim.

Loss, Probable (or Possible) Maximum (P.M.L.) : The worst loss that is likely to occur because of a single event.

Loss, Proof Of : A form that must be submitted by the insured, except in connection with liability losses, providing information on the nature and extent of the loss and the claim being made.

Loss, Rent : The loss of contract rent that occurs when a tenant is excused from paying rent when a building that is damaged or destroyed is rendered untenable. Also the loss of the contract rent the tenant may be required to pay even though he cannot occupy the building.

Loss, Rental Value : The loss of the cost of equivalent premises if an owner-occupant or a tenant cannot occupy a building that was damaged, destroyed or taken less any contract rent that may be discontinued.

Loss, Salvage Charges : Salvage charges incurred in preventing a loss by perils insured against may be recovered as a loss by these perils. Salvage Charges means the charges recoverable under maritime law by a salvor independently of contract. They do no include expense of services in the nature of salvage rendered by the assured or his agents or any person employed for hire by them, for purpose of averting a peril insured against. Such expenses, where properly incurred, may be recovered as particular charges or as a general average loss, according to the circumstances under which they were incurred. Salvage charges incurred in connection with an insured peril are recoverable under insurance policies.

Loss, Sue and Labour Charges : Sue and labour charges are expenses incurred by the insured or his servants or agents to avert or diminish any loss. Under Common Law an owner of property is expected to take all measures to avoid or minimize his loss, in

spite of existence of insurance protection; in other words, he is obliged to "act as if he is uninsured:. These charges are paid as an incentive to the insured to take such measures as to avoid or minimize the loss. The essential features of Sue and Labour Charges are (a) An insured peril must occur. Then only the charges incurred to avoid or minimize the loss are payable (b) The charges must be incurred short of destination i.e., at an intermediate port. (c) The charges must be incurred for the benefit of particular subject matter insured. If incurred for the common adventure, they may be general average expense. (d) The charges must be incurred only by the assured, his factors, his servants or assigns. Thus, salvage charges which paid to third parties are not sue and labour charges.

Losses and Loss Adjustment Expenses : This represents the total reserves for unpaid losses and loss adjustment expenses, including reserves for any incurred but not reported losses, and supplemental reserves established by the company. It is the total for all lines of business and all accidental years.

Losses Incurred (Pure Losses) – Net paid losses during the current year plus the change in loss reserves since the prior year end.

Losses Incurred : Total losses, whether paid or unpaid, sustained by an Insurance Company under a Policy or policies.

Losses Occurring Policy : As opposed to claims-made policy or a risk attaching policy. Insurance cover is provided for losses occurring in the defined period.

Losses Outstanding : The amount of loss for which the Insurer is liable and which it expects to pay in the future.

Losses Paid : Tabulation of claims that have been paid. The amount of loss for which money has been disbursed by the Insurer.

Losses, Personnel : Financial losses caused by death, poor health, retirement or unemployment of people, generally employees. Either the workers and their families or their employers may suffer such losses.

Losses, Property : **Criminal Activity** : Almost every firm is exposed to loss by robbery, burglary and other claims - and not just from outsiders. Of great concern to men and women is the recent risk of 'white collar crime' to alarming levels. A small firm which operates with limited profit margins may be forced to close if one 'trusted' employee is able to pocket part of every day's sales.

Losses, Property : **Loss of Use of Property** A business can also lose the use of property without suffering physical damages. For example, a number of governmental agencies have the authority to close down a business in certain circumstances. A restaurant can be closed by a local Board of Health because of unsanitary conditions, manufacturer can be closed for violations of occupational safety and health regulations.

Losses, Property : **Physical Damage to Property** : Property may be damaged by many common perils like Fire, windstorm, flood and vandalism, for example.

Losses, Successive : Section 77 of the Marine Insurance Act provides :

1. Unless the Policy otherwise provides and subject to the provisions of Marine Insurance Act the Insurer is liable for successive losses even though the total amount of such losses may exceed the sum insured.

2. Where, under the same Policy, a partial loss which has not been repaired or otherwise made good, is followed by a total loss, the assured can only recover in respect of the total loss.

Losses, Trade : Bagged cargoes suffer some losses due to seepage through the bags; liquid cargoes are subject to evaporation or absorption by the casks, foodstuffs may suffer from natural loss in weight through 'drying out' during the transit. Seeds, grains, beans etc. contain a certain amount of moisture which evaporates during the voyage and the cargo gets dried up. Such losses known as trade losses are inevitable and are not covered.

Lost Instrument Bond : When the owner of a stock certificate loses, if the insurer of the certificate will not issue a duplicate until the owner furnishes an indemnity bond guaranteeing that if he finds the original he will turn it over the surety company.

Lost or Not Lost Clause : A clause of Ocean marine Insurance by which goods are insured by the Insurers no matter whether the same are already lost or not lost before the Policy is issued. (ii) Coverage of a ship at sea "afloat or sunk". The reason for such a clause is that many times the owners of cargoes or ships would insure them after the ship had left the port, and prior to modern methods of communication, there was no way of knowing whether or not the venture had been lost at the time the insurance was taken out.

Lost Policy Release : A statement signed by the insured releasing the Insurance Company from all liability under a lost or mislaid contract of Insurance.

Lotteries : Schemes for distributing prizes by chance.

Loyalty Channel of Insurance Distribution / Marketing : One of the recent distribution approaches focused towards a particular segment of customers. To manage orphan clients that is customers who were sourced by the distributors who have since existed is one of the issue that insurers are attempting to fix. Loyalty channel is more of a customer relationship management approach to offering service and exploring opportunities for repeat business to the existing orphan customers. This channel usually a part of the Direct Sales Channel of an insurance company focuses on sourcing repeat business from orphan customers.

Loyalty Discount : A discount offered to the holder of an insurance which is renewable at his option to induce him to renew the policy with the same insurer
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LPG Dealers Multi Perils Insurance : Comprehensive cover to suit the various requirements of LPG Dealers. The Policy covers Fire and allied perils for building/ contents, burglary and housebreaking for contents, gas cylinders in transit, cash in transit / safe / counter, fidelity guarantee, pedal cycles including tricycle when covered, public liability, personal accident of insured named partner/ Director/ member of managerial staff / employee(s), personal accident benefits to third part is and customers, accidental breakage to plate glass in the insured premises, neon sign/ glow sign. Fire Insurance on contents and burglary is compulsory.

LPG Dealers' Public Liability Insurance : Policy covers legal liability for accident bodily injury / damage to property of third parties occurring in connection with LP Gas distribution.

Ltge. : Lighter age The cost of loading or unloading a vessel by means of barges alongside.

Lump-Sum : The method of settlement provide by most policies unless an alternate settlement is selected by the Policy holder before death or the beneficiary before

receiving the payment. specifically the whole amount due or still owing under the Policy contract.

M

Machinery Breakdown Insurance : Refer : "Engineering Insurance : Comprehensive Machinery Insurance

Machinery Clause : A clause in a machinery Insurance contract providing that, in case of loss to a machine consisting of several parts, the Insurer will not be liable for more than the insured value of the part to which loss occurs.

Machinery Leasing Insurance : Refer : "Engineering Insuance : Machinery Leasing Insurance."

Machinery Loss of Profit Policy (MLOP) and Boiler / Pressure Plant Loss of Profit (BP)LOP) Insurance : Refer : Engineering "Machinery Loss of Profit Policy (MLOP) and Boiler / Pressure Plant Loss of Profit (BP)LOP) Insurance."

Made good : The value of that part of a ship or cargo that is sacrificed in a general average is called the "made good". The owner is entitled to the cost of repairs to the ship or the net value of the cargo sacrificed.

Maintenance : That act of keeping or the expenditure required to keep a property in condition to perform adequately and efficiently the service for which is issued.

Maintenance Bond : A Bond guaranteeing against defects in workmanship or materials for a stated time after the acceptance of the completed work. Two years is a common term for a construction bond.

Maintenance Reserve : An amount reserved to cover costs of maintenance.

Maintenance, Care and Wages : An admiralty law provision for coverage for injured seamen. Maintenance refers to providing food, shelter, and rehabilitation while the seaman is injured. Care refers to the medical treatment necessary for recovery. Wages, of course, refers to the usual seaman's wages, which under this law, must be paid even during an illness or after an accident.

Major Medical Expenses Insurance : Contractual protection for major surgical, hospital or medical expenses, usually, a high deductible is applicable and Insurance protection above that amount is payable upon a claim. Even some policies are written without a maximum limit.

Malicious Damage : Deliberate damage by individuals in circumstances that do not constitute a riot.

Malicious Mischief : Similar to vandalism. Purposely damage the rights or property of another.

Malingering : To feign a disability for the purpose of continuing to collect benefits longer than actually necessary.

Malpractice : Alleged professional misconduct or lack of ordinary skill in the performance or a professional act. A practitioner is liable for damage or injuries caused by malpractice.

Malpractice Insurance : Liability insurance for professionals, such as Medical Practitioners, Chartered Accountants, Solicitors, Interior Decorators and such other

professionals. Refer : "Professional indemnity Insurance" and "Professional indemnity, standard of care defined".

Malus : A penalty addition to an insurance premium because one or more claims have been made.

Managed Fund : A fund managed by insurance company or other financial institution with a discretion in the choice of investment.

Managed Health Care : A cost containment method where an insurer and health care providers cooperation a case-by-case basis in selecting methods of treatment that will be effective and minimize costs.

Managed Health Care Plan : A plan which involves financing, managing, and delivery of health care services. Typically, it involves a group of providers who share the financial risk of the plan or who have an incentive to deliver cost effective, but quality service.

Management : The process of planning, organizing, Directing and controlling the resources and activities of an organization in order to fulfill the objectives of that organization at the least possible cost.

Management Expenses : A charge deducted in a contingent commission formula to cover the reinsurer's overhead expenses.

Management Information Systems (M.I.S.) : Computer packages designed to assist the risk manager in making decisions by organizing and analyzing data available to the risk manager.

Management Oversight and Risk Tree (M.O.R.T.) : System safety technique which analyses all phases of a safety program or safety management system. Its basic tool is a chart identifying the significant elements of a safety program or safety management system.

Mandatory : Requiring strict conformity or obedience.

Manifest : A list of the goods being transported by a carrier.

Manifestation / Injury Theories : Two theories often used to identify the time when a person suffers bodily harm. The timing of this harm can be important in determining which of two or more Insurance policies provides coverage. Under the injury the theory, a person suffers harm when he first comes into contact with the physical Agent which ultimately results in injury or disability, frequently after a significant period of dormancy.

Manual : A book published by an agency, Company or a rating bureau for the guidance of its users. In it are found rats, classifications, specifications and rules governing the subject covered.

Manual and Group Premium Rating : A method of calculating premiums by collecting similar exposure units into groups and charging each unit the same premium rate.

Manual Excess : The premium for an amount of insurance in excess of the basic limit of liability. This premium is determined by referring to a table of rate factors which are multiplied by the manual rate in order to arrive at a premium for the higher limit selected.

Manual Rates : Refer : "Rating, manual rate."

Manufacturers and Contractors Liability Insurance (M&C) : An insurance of premises and operations liability insurance designed to cover manufacturing or contracting risks. The basis of premiums for this coverage is the payroll.

Manufacturers' Output Policy : Broad form of all risks coverage of personal property of insured manufacturer. It covers property of manufacture, except on the premises of the manufacturer.

Manufacturers' Selling Price Clause : Values unsold finished goods at the price at which they could have been sold at the time of a loss.

Manufacturing Location : A location which manufactures products for delivery to the insured's customers under a sales contract. One of the four types of dependent properties for which business income coverage (Loss of Profits) may be underwritten.

Manuscript Policy : Insurance Policy conditions typewritten or handwritten to include specific coverage or conditions not provide in a standard Policy. In any dispute over Policy language, the adhesion doctrine is modified for such a Policy.

Maps : In Fire Insurance, maps are used by underwriters to locate the character of the risk, especially in large cities. Notification on the maps indicate the amount of liability carried on a particular risk in a certain area.

Mare and Foal Policy : A livestock cover insurance covering a mare and her unborn foal against mortality risk.

Mareva Injunction : An injunction by a court restraining a party to an action from removing his assets out of the court's jurisdiction or disposingof them.

Margin of Solvency : The total assets of an insurance company must exceed its liabilities (other than share capital) by a relevant amount, known as the margin of solvency.

Marine : Of navigation on, or shipping by sea. Pertaining to the sea or to transportation; usually divided as to "ocean marine" and "inland marine", the insurance covering transportation risks.

Marine Adventure : Marine adventure includes any adventures where (i) any insurable property is exposed to maritime perils (ii) the earnings or acquisition of any freight, passage money, commission, profit or other pecuniary benefit. or the security for any advances, loans or disbursements is endangered by the exposures of insurable property to maritime perils, and (iii) any liability to a third party may be incurred by the owner of, or other person interested in or responsible for, insurable property by reason maritime perils.

Marine Insurance : The business of effecting contracts of Insurance upon vessels of any description, including cargoes, freights and other interests which may be legally insured, in or relation to such vessels, cargoes and freights, goods, wares, merchandise and property of whatsoever description insured for any transit by land or water, or both, whether or not including warehouse risks or similar risks in addition to or as incidental to such transit and includes any other risks customarily included among the risks insured against the marine Insurance policies. Section 3 of the Marine Insurance Act, 1963 defined Marine insurance as — "A contract of marine insurance is an agreement whereby the insurer undertakes to indemnify the assured, in the manner and to the extent thereby agreed, against marine losses, that is to say, the losses incidental to marine adventure."

Marine Insurance Categories : Marine Cargo Insurance : This involves insurance of goods in transit from one place to another by way of means of transport through sea, air, rail, road, inland waterways, registered post parcels and couriers and even on back of the animal or human being. The guiding principles is that the transit should be under a “Contract of Affreightment”, which means the transporter needs to issue a document to the consignor confirming receipt of goods for transit and assurance of a safe delivery at the named destination. The consideration for this contract is the amount of freight which is payable. Examples of documents of affreightment would be Bills of Lading, Airway Bills, Lorry Receipts and Railway Receipts.

Marine Insurance Categories : Marine DSU (Delayed Start-up) : This is insurance of loss of profits and fixed expenses, viz., standing charges. DSU covers are always given in conjunction with marine cargo insurance where project materials are in transit. If there is a loss to the cargo during transit, which results in the project period getting extended beyond the schedule date of completion, DSU Insurance would compensate the assured for the profits which would have been earned had the project been completed on schedule and the fixed expenses which have to be incurred whether the project is completed or not.

Marine Insurance Categories : Marine Hull Insuance : Refer : **Marine Hull, Hull and Machinery Policy (H & M Policy.”**

Marine Insurance Categories : Marine Liabilities : This is a specialized branch of marine insurance dealing with liabilities of various interested associated with shipping industry and maritime trade. Some of the common policies under this class of insurance are Charterers’ Liability, Stevedores Liability, Terminal Operators’ Liability and Freight Forwarders Liability.

Marine Insurance Comprehensive Clause : Including the risks of theft, pilferage and/or non-delivery, fresh water and rain water damage, hooks, oils, mud, acid and other extraneous substances or heating and sweating and damage by other cargo. This clause, containing specific extraneous risks, is noised to extend the cover afforded by ICC (B) when required.

Marine – cum – Erection All Risks Insurance (MCE) : Refer : “Engineering : Marine – cum – Erection All Risks Insurance (MCE).”

Marine Policies, Insurable Value : Marine Policies are generally are valued policies and unvalued policies are very rare. Section 18 of the Marine Insurance Act, 1963 provides measure of insurable value.—Subject to any express provision or valuation in the policy, the insurable value of the subject-matter insured must be ascertained as follows:—

1. In insurance on ship, the insurable value is the value, at the commencement of the risk, of the ship, including here outfit provisions, and stores for the officers and crew, money advanced for seamen’s wages, and other disbursements if any incurred to make the ship fit for the voyage or adventure contemplated by the policy, plus the charges of insurance upon the whole. The insurable value, in the case of a steamship, includes also the machinery, boilers, and coals and engine stores if owned by the assured; in the case of a ship driven by power other than steam includes also the machinery and fuels and engine stores, if owned by the assured; and in the case of a ship engaged in a special trade, includes also the ordinary fittings requisite for that trade;

2. In insurance on freight, whether paid in advance or otherwise, the insurable value is the gross amount of the freight at the risk of the assured, plus the charges of insurance;

3. In insurance on goods or merchandise, the insurable value is the prime cost of the property insured, plus, the expenses of and incidental to shipping and the charges of insurance upon the whole.

4. In insurance on any other subject-matter, the insurable value is the amount at the risk of the assured when the policy attaches, plus the charges of insurance

M.F.N. : (Most Favored Nation) : Designation for countries which receive preferential tariff rates. This is no longer the best tariff structure available.

Maritime Lawyers : A maritime lawyer or admiralty lawyer deals with maritime law. This could involve collisions at sea, maritime torts, industrial torts, transactional law and environmental law.

Maritime Lien : A right enjoyed by a party to a marine adventure whereby he may retain the property of another as security against payment of a debt relating to the adventure.

Maritime Perils : The perils consequent on or incidental to, the navigation of the sea, that is to say, perils of the seas, Fire, war, perils, pirates, robbers, thieves, capture, seizure, restrains and detainments of princes and peoples, jettison, barratry and any other perils which are either of the like kind or may be designated by the Policy.

Mark : As used on containers in foreign trade, a symbol or initials shown together with the port of importation and the final destination, if different. Example A.G. y. Cla., Bogotá via Barranquilla. Marks are registered at appropriate customs houses, they also appear on bills of lading and invoices. In domestic trade, it is common to mark containers with the name and address of the recipient, but this is rarely done in foreign trade.

Market Capacity : The amount of insurance that an be absorbed by all the insurers in the relevant market.

Market Price : The price actually paid or the price considered to be obtainable in the open market under the conditions currently existing.

Market Risk : A risk experience by those who invest in securities which is the risk of possible loss of investment since there are no guarantees associated with such investments.

Market Value : The quantity of other commodities a property would command in exchange, specifically the highest price estimated in terms of money which buyer would be warranted in paying and a seller justified in accepting provided both parties were fully informed, acted intelligently and voluntarily, and further that all the rights and benefits inherent in or attributable to the property were included in the transfer.

Market Value Clause : A provision that may be used in certain property insurances which obligates an insurer to pay the established market price of destroyed or damaged stock rather than its cost to the insured. This coverage is usually only available to manufacturers with finished products, not to wholesales or retailers.

Marketing : The process of optimizing the use of the resources of an enterprise by seeking to identify and satisfy the needs of consumers, actual or potential in the best way for the enterprise.

Marking : Every article of foreign origin, or its container, imported into the unites states shall be permanently marked in a conspicuous place in a manner which would

indicate to the ultimate purchaser the English name of the country of origin of the article.

MARPOL Convention : The International Convention for the Prevention of Pollution from Ships, 1973.

MARPOL Protocol : A draft instrument of 1978 giving effect to the MARPOL Convention subject to certain changes.

Mass Merchandizing : The sale of group property insurance through payroll deduction; most mass merchandizing plans specialize in health, personal accident, automobile and /or homeowner's insurance.

Master : The Admiralty law term for the caption of a ship.

Master Cover : A form of open cover, usually operated by a broker or agent, under which a variety of insurance from a given source may be accepted.

Master Policy : Group Insurance Policy for a group of persons to whom certificates of Insurances are issued as evidence of their individual coverage. The employer usually maintains the master Policy, while the certificates are merely a brief statement of highlights of the master Policy.

Master's and Seamen's Wages : The master or any member of the crew of a ship has an insurable interests in respect of his wages.

Master-Servant Rule : The rule that all employers are obligated to protect the public from the acts of their employees. Courts hold employers liable for torts committed by the employees in the course of their employment.

Matching : Paying regard, in the selection of assets, to the dates on which liabilities will or may accrue, or the currencies in which they are payable, with the object of ensuring that the realizable value of the assets at any such dates will suffice to discharge the liabilities.

Mate's Receipt : Receipt of cargo by the vessel, signed by the mate (similar to dock receipt).

Material Circumstance : Any circumstances that would influence a prudent underwriter in his decision to accept or reject a risk, or in the amount he would accept or the premium he would charge for cover.

Material Damage Policy : The policy covering damage to property (usually a commercial fire policy) as the result of which damage a business interruption claim may result. It is a condition of business interruption insurance that a material damage policy must be and remain in force.

Material Damage Warranty : Stating that before any benefits are paid in business interruption Insurance Policy/ies a material damage claim under the original property Insurance must have been admitted.

Material Fact : Materiality is a question of fact, to be decided in the circumstances which would influence the judgment of a prudent Insurer in fixing the premium or determining whether he will take the risk and, if so, at what premium and on what conditions.

Material Property : Tangible property as distinct fro legal rights such as patents.

Materiality : A fact, or statement, is material to a contract of insurance if knowledge of that fact would affect the decision of the underwriter to enter into the contract. If the fact would cause a change of any kind in the premium, the conditions of the policy, the perils insured, the persons insured, or in any other way, the policy is subject to being declared void.

Mature Policies : Uninterrupted claims-made coverage continuously in effect for at least five years and no longer eligible for rating credits given on immature polices.

Maxi Tail or Full Tail : Unlimited extended reporting period allowing for making claims after expiration of a "claims-made" liability policy.

Maximum Foreseeable Loss (M.F.L.) : Largest loss (usually property loss, but sometimes combined property loss and loss of income) which can occur under the most adverse conditions reasonably foreseeable.

Maximum Probable (Possible) Loss (M.P.L.) : Refer : "Loss, Maximum Probable."

Maximum Retrospective Premium : The highest premium which would be required for workmen's compensation Insurance under retrospective rating plan.

Maximum Value Insurance : A system used for fire insurance in some trades whereby the sum insured on stock represents the maximum amount at risk at any one time. A discount is allowed off the premium but no adjustment is made if the stock falls short of the maximum value.

Mean : A number obtained by adding a list of number of values and dividing by the numbers of items in the list.

Mean Method of Apportionment : A method of apportionment of loss between two or more property insurances that are non-concurrent and not subject to average.

Means Test : An evaluation of the assets and/or income of a person for the purpose of determining his eligibility for social security benefits or for underwriting membership of Lloyd's.

Measure of Indemnity : The basis for calculation of the sum that an insured is entitled to recover in respect of a claim under an insurance that is a contract of indemnity.

Measurement : Refer : "Risk, measurement."

Measurement Ton : The measurement ton (also known as the cargo ton or freight ton) is a space measurement, usually 40 cubic feet or one cubic meter. The cargo is assessed a certain rate for every 40 cubic feet or 1 cubic meter it occupies.

Mechanized Sailing Vessel : It is a vessel registered with government authority as having auxiliary engines.

Median : That point in a range of measurements at which there is an equal number of items above and below.

Medicaid : State programs of public assistance to persons regardless of age whose income and resources are insufficient to pay for health care (USA).

Medical Examination : The examination of an applicant for insurance or a claimant by a physician who acts in the capacity of the insurer's agent.

Medical Examiner : The physician who examines an applicant or claimant on behalf of the insurer and as an agent of the insurer.

Medical Loss Ratio : Total health benefits divided by total health premium.

Medical Malpractice : Type of insurance protecting physicians, surgeons, nurses and other medical practitioners against claims alleging failure to perform.

Medical Payments Insurance : A form of coverage, optional in Automobile and other Public Liability Policies that provides for the payment of medical and similar expenses without regard for liability.

Medical Payments, Liability Insurance : A coverage included in some liability insurance policies, in which the insurer agrees to reimburse the insured and/or others, without regard for the insured's liability for medical or funeral expenses incurred as the result of bodily injury or death by accident under the conditions specified in the policy.

Medical Supplies : Any items which are essential in carrying out the treatment of a patient's illness or injury.

Medically Necessary : A service of treatment which is absolutely necessary in treating a patient and which could adversely affect the patient's condition if it were omitted.

Medicare : Hospital and medical insurance provided by Social Security.

Medicare : The United States Federal Government Plan for paying certain hospital and medical expenses for persons qualifying under the plan, usually those over 65. The hospital benefits are Part A and the medical expenses portion is Part B. Part A is compulsory social insurance; Part B is voluntary government subsidized, government operated insurance.

Medicare beneficiary : Anyone entitled to Medicare benefits based on the designation by the Social Security Administration.

Medicare Supplement Insurance : Insurance coverage sold on an individual or group basis which helps to fill the gaps in the protection provided by the Medicare Program. Medicare supplements cannot duplicate any benefits provided by Medicare, but may part or all of Medicare' deductibles and co-payments, and may cover some services and expenses not covered by Medicare.

Medigap Insurance : Policies that pay for all, or part of, health care expenses not covered by Medicare.

Mega Risk Policies, Indian Context : IRDA has defined a Mega Risk as (i) Insurance for total sum insured of Rs. 2,500 crores or more at one location for property insurance, material damage and business interruption combined. (ii) Rs. 100 crores or more per event for liability insurance. These are typically insurances that are designed for individual large clients and where the rates, terms and conditions may be determined by reference to the international market. The Indian Insurer will quote terms in line with the terms quoted by reinsurers including the extent of cover and deductibles or claims conditions. If the insurer varies the terms quoted by the reinsurers such variation of terms and any increased retention shall be consistent with the underwriting policy and reinsurance policy approved by the Board. Variations also to be filed with IRDA. The Mega Risk Policies are along the lines of the Industrial All Risk Policies but certain covers like Inland Transit for consumables and spares are

also packaged in the same cover. The Sections covered are usually (i) All Risks Property Damage (ii) MB and Associated Engineering Risks (iii) Hull and Offshore Property like Jetty and Secondary Buoy Moorings (iv) Loss of Profit following Fire and Engineering Risks, (v) Cash in Transit and Fidelity Guarantee, if opted. Since it is an All Risks the coverage will depend on the exclusions of the policy which vary from industry to industry, risk to risk and insurer to insurer and must be clearly and unambiguously enunciated on the policy document.

Main Excepted Causes are (i) Cessation of work which is similar to the exclusions under RSMTD Clause of Standard Fire and Special Perils Policy i.e., mere inaction by employees in furtherance to demands; (ii) Failure of utilities like water, gas and power supply (iii) Operation of the plant beyond design specification and capacity ratings. (iv) Normal wear and tear (v) Defective design (vi) Leakage of overflow of contents is not considered a direct damage. Hence, excluded. (vii) Seepage and Pollution. However, deliberate damage to insured property in order to prevent or mitigate the pollution hazard or threat resulting directly from a damage to property insured is covered. Excluded property is similar to Industrial All Risks Insurance. Add On covers available. Capital addition to the extent of 5% automatically covered. Shut down and startup costs covered. The policy also covers increase or decrease in value up to 10% without any adjustment in premium. Business interruption and marine covers follow the coverage under the respective policies.

Member, Health: Anyone covered under a health plan.

Member Certificate : Another term for certificate of coverage.

Member Charge : A fixed sum per member added to the basic premium for a group insurance.

Memorandum : To meet the alterations which inevitably arise in connection with many Insurances after a Policy is issued. The companies practice, rather than re-issue the Policy every time a change occurs, is to amend the document by memorandum or endorsement. Both endorsement and memorandum are synonymous terms.

Memorandum Advice : An advance notification to an underwriter of a premium or claim.

Memorandum of Association : The document that sets out the constitution of a company and states its objects. It is complemented by by-laws, referred to as Articles of association.

Memorandum, The : A clause at the end of the S.G. form of Marine Insurance policy which excludes claims for partial loss or damage to certain commodities and imposes a franchise on claims in respect of damage to other named commodities or to ship and freight.

Mental (or Emotional) Distress : Usually not covered if a claimant was bystander to an accident, but usually covered if he was physically involved.

Mercantile Open Stock Burglary Insurance : Coverage that a mercantile establishment would purchase to cover losses caused by someone feloniously entering the premises while they are closed for business. The policy generally covers the loss of stocks of merchandise and also furniture and fixtures.

Mercantile Risk : Hazard or peril or a merchant in selling his stock of goods.

Mercantile Robbery Insurance : Coverage that a mercantile establishment would purchase to cover against loss by robbery, which is defined as the taking of property by violence or threat of violence, and includes holdup.

Merger : (1) The absorption of one company by another. (2) The principle that when a partial loss under an insurance policy is followed by a total loss the insurers are not required to pay for the partial loss in addition to the total loss.

Merit Rating : Refer : "Rating, merit rating."

Messenger Robbery Insurance : Coverage on money and other property in the possession of persons who are away from the premises. An example would be an employee taking a deposit to the bank.

Metal Workers' Extension : Extension of a Fire Insurance to cover property such as Plant and Machinery while in transit to or from or at the premises of machine makers, engineers, founders, metal workers, customers and sub-contractors.

Method of Payment of Premium to an Insurance Company : Cash at Company office, ECS, Postal Money Order, Credit/Debit Card, Online payment, Bank Tie-up, Franchises, Agent/Advisor, Bank Guarantee, Adjustment against Cash Deposit.

Methylated Spirits Bond : An Excise Bond guaranteeing that methylated spirits will be used only in permitted processes and that any duty becoming due on the spirits will be paid.

Micro Insurance : Micro insurance means offering of insurance protection to low/irregular income households.

Micro-finance : Basically refers to provision of financial services to poor or low income people. These low income people can be consumers who need loans for fulfilling their personal requirements or self-employed people who need loans to set up and sustain their business. The microfinance is to provide low income groups with a range of all possible financial services like credit, savings, accounts, insurance and investment products etc.

Micro Insurance Distribution Channels : The distribution channel through which the insurance companies could reach out to their customers in the rural and social sectors comprises of

- Non Governmental Organisations (NGOs)
- Micro Finance Institutions (MFIs)
- Self Help Groups (SHGs)
- Micro Agents
- Cooperative Banks
- Regional Rural Banks (RRBs)
- Post Offices
- Banking Correspondents (BCs)
- Local Community Groups
- Credit Unions
- Health Care Providers
- Mobile Service Providers
- Anganwadi Workers
- Owners of individual Kirana Stores

M.M.: Mercantile marine.

Micro Insurance Products : Micro insurance products are specifically designed to aim for the protection of low income people from rural and informal sectors. The low income people form a sizable part of our population and usually don't have any health security cover. Therefore, this low value product with an affordable premium and benefit package is initiated to help these people to cope with and recover from common risks. Products come with a small premium and typically the sum insured too is below Rs. 30,000 as required vide IRDA Micro Insurance Regulations, 2005. Mostly such covers are taken on a group basis by various community organizations or non-governmental organizations (NGOs) for their members. The regulations also provide for a tie-up between a life insurer and a non-life insurer whereby a life insurer can offer a life micro insurance product as also a general insurance product and vice versa. In the case of claims arising on such products the life insurer forwards non-life claim to the non-life insurer for settlement.

Micro Insurance Regulations, 2005 : The IRDA Micro Insurance Regulations 2005 allow three types of entities viz., Non-Governmental Organizations, Self Help Groups and Micro Finance Institutions to act as Micro Insurance Agent. Conventional insurance agents and brokers too are allowed to sell micro insurance. Micro-insurance Agency has been created keeping the special requirements of the segment in mind. Micro Insurance Agent shall not distribute any product other than a micro insurance product. A Micro Insurance Agent to work for only one life insurer and one general insurer. Micro Insurance Agent may employ specified persons with the prior approval of the insurer.

Midi Tail : Automatic five year extended reporting period allowing for the making of claims after expiration of a "claims-made" liability policy, but only applies to claims arising from occurrences which were reported no later than 60 days after the end of the policy. Also Refer :"Extended Reporting Period."

Mill construction : Also called 'slow burning'. A building with thick brick walls, floors of three or four-inch planks, on eight or twelve inch wood posts and girders, no concealed space behind interior finish.

Mini Tail : Automatic 60 day extended, reporting period allowing for the making of claims after expiration of a "claims-made" liability policy. Also Refer :"Extended Reporting Period."

Minimizing a Loss : It is the duty of a Policyholder, when an insured loss occurs, to take all reasonable steps to minimize the loss, acting as he would inhis own interest if the loss were uninsured.

Minimum Premium : An insurer's lowest charge for an insurance policy. Refer : "Premium, minimum premium."

Minimum Rate : A rate for low hazard risk.

Minimum Retrospective Premium : Used in a retrospective rating plan and defined as the lowest amount the insured can pay under the plan, regardless of the losses incurred.

Minor : A person below the age of legal capacity (18 yrs.). A minor is incapable of making a contract.

Miscellaneous Benefits : Benefits provided by a group health insurance policy which cover most inpatient medical expenses except room and board charges and surgical fees.

Miscellaneous Clause : A fire of known cause that cannot be properly classified under standard causes listed in fire cause statistics.

Miscellaneous Expenses : Ancillary expenses, usually hospital charges other than daily room and board. Examples would be X-rays, drugs, and lab fees. The total amount of such charges that will be reimbursed is limited in most basic hospitalization policies.

Misdescription: An incorrect statement by a proposer in describing the risk proposed for insurance.

Misfeasance : The improper performance of an act, as distinct from nonfeasance.

Mismatching : A situation where the term or nature of the assets of an insurance company is not adapted to the terms or nature of its liabilities.

Misrepresentation : (A) A statement made by an assured, reassured or broker which misleads an underwriter in the assessment of a risk he is being offered. A breach of good faith. (B) Act of making, issuing, circulating or causing to be issued or circulated an estimate, an illustration, a circular or a statement of any kind that does not represent the correct policy terms, dividends or share of surplus or the name or title for any policy or class of policies that does not in fact reflect its true nature.

Missing Beneficiaries Indemnity : An indemnity given to Executors, Administrators or Trustees who desire to distribute an estate when one of the beneficiaries is missing and they wish to divide his share among other beneficiaries.

Missing Documents Indemnities : These are issued in connection with loss of valuable documents such as share certificates, bank deposit receipt, etc. The indemnity is provided against any loss sustained by the authority issuing a duplicate document or making a payment under a missing document.

Missing Ship : A ship that has been posted at Lloyd’s as 'missing', because, despite an enquiries, she cannot be traced. A missing ship is deemed to be an actual total loss.

Mixed Perils : Two or more perils which simultaneously cause loss, such as when, during a sea coast storm, both wind and water damage property. Mixed perils become significant when one peril causing loss is covered by Insurance, but another is not. If it is not possible to separate the damage done by the insured peril usually the entire loss is fully covered up to other applicable Policy limits.

Mixed Sea and Land Risks: As per Section 4 of the Marine Insurance Act a contract of marine Insurance may, by its express terms, or by usage of trade, be extended so as to protect the assured against losses on inland waters or on any land risk which may be incidental to any sea voyage.

Mixed Time and Voyage Policy : A Policy combining voyage and time. An import can be covered under a Policy during transit and also for a specific length of time, say 30 days, after arrival at importer's place.

Mobile Equipment : Term defined in general liability policies as land vehicles, including machinery and apparatus attached thereto, whether or not self-propelled, and not (i) subject to motor vehicle registration, or (ii) used exclusively on the insured's premises, or (iii) designed principally for use of public roads, or (iv) designed or maintained for the sole purpose of providing mobility for permanently attached equipment such as cranes, loaders , pumps generators or welding equipment.

Mobile Home Policy : A Householders policy written on a mobile home which is permanently situated.

Mode : The value of the variable that occurs most obtain in a group of numbers.

Modern Portfolio Theory : (MPT) : The fundamental concept behind MPT is that the assets in an investment portfolio should not be selected individually, each on their own merits. Rather, it is important to consider how each asset changes in price, relative to how every other asset in the portfolio changes in price. Investing is a trade-off between risk and expected return. In general, assets with higher expected returns are riskier. For a given amount of risk, MPT describes how to select a portfolio with the highest possible expected return. Or, for a given expected return. MPT explains how to select a portfolio with the lowest possible risk (the targeted expected return cannot be more than the highest returning available security, of course, unless negative holdings of assets are possible. MPT is a form of diversification and explains how to find the best possible diversification strategy.

Monetary Indemnity ; A specified amount benefit as contrasted expenses reimbursement.

Money Insurance : Refer: "Cash Insurance."

Money Laundering : The act of changing the appearance of money that comes from illegitimate sources so that it appears to be legitimate money.

MonolinePolicy : An insurance policy covering one subject of insurance, as opposed to a combination of multiline policy.

Montreal Agreement, 1966 : A compromise agreement among the signing countries to raise the limit of liability for death or bodily injury in respect of passengers on a journey to, from or with an agreed stopping place in the USA.

Montreal Convention, 1971 : This convention deals with offences against aircraft and airport facilities and is therefore mainly concerned with ground safety.

Moral Hazard : Refer : " Hazard, Moral."

Morale Hazard : Refer : "Hazard, Morale."

Moratorium : A legal authorization to debtors to postpone payment.

Morbidity Rate, Health : The ratio of the incidence of sickness to the number of well persons in a given group of people over a given period of time. It may be the incidence of the number of new cases in the given time or the total number of cases of a given disease or disorder.

Morbidity Table : A table showing the incidence of sickness in the population or in a selected group.

Morbidity, Health : The relative incidence of disease.

Mort : Refer : "Management Oversight and Risk Tree"

Mortgage : A deposit or conditional transfer to secure the performance of some act : The person who makes the transfer is called the “mortgagor”, the other party, the “mortgagee”, sometimes an intermediary called a “trustee” is appointed.

Mortgage Guarantee : A guarantee to a mortgagee that the sums owing to him will be paid.

Mortgage Guarantee Certificate : A certificate issued by the insurer of property to a mortgagee undertaking to inform the mortgagee if the insurance is changed to his detriment and not to settle a loss without the mortgagee's consent.

Mortgage Insurance : To cover default in repayment of loans for housing. This scheme is expected to accelerate housing finance activity by improving liquidity of institutions financing housing and by reducing the quantum of initial down payments by the borrowers.

Mortgagee : The creditor to whom a mortgage is given and who lends money on the security of the value of the property mortgaged.

Mortgagee Clause : Property Insurance clause which authorizes the Insurer to pay a loss to the mortgagee and / or insured, as their interests may appear at the time of loss. This clause also may specify other rights and duties of the mortgagor and mortgagee regarding the Insurance. Refer :" Agree Bank Clause" (Agreed mortgagee clause.)

Mortgagee's Interest Insurance : (MII), Marine Hull : It covers the bank/lender's interest in the mortgaged vessel. The cover is secondary to the vessel's actual primary insurance, such as Hull and Machinery, Hull Interest, War and P&I Insurance. A claim is valid only when the primary insurance cover does not respond. It is to be noted that MII is a mirror of the primary cover and does not cover anything outside that scope of cover. MII insurance covers loss resulting from loss of or damage to or liability of the Mortgaged Vessel which would prima facie be covered by the Owner's Policies and Club Entries, but in respect of which there is subsequent Non-Payment by any of the owner's underwriters.

Mortgagor : A borrower who takes out a mortgage.

Motor : Any mechanically or electrically powered device (except one moved by human power) not operating on rails, upon which or by which any person or property may be transported on land. The load on a motor vehicle or trailer attached to it is considered part of the vehicle. Tractors and motorized machinery are included while being self-propelled in transit or used for transpiration; also included are motor scooters and motorized bicycles.

Motor Insurance : Essential Covers : (a) Passenger Liability in Public Passenger Service Vehicles i.e., Taxi, buses and rickshaws subject to additional premium. (b) Bi-fuel (attachments for using CNG or LPG as alternative fuel for running the vehicles) : For vehicles fitted with bi-fuel arrangement require an endorsement in the Registration Certificate and an additional premium is to be paid for Third Party Liability Cover. (c) Liability for persons employed in connection with the operation of the vehicle. (d) Personal Accident Cover for Owner Driver : This cover is compulsorily given to owners of individually owned vehicles, other than vehicles insured under commercial vehicles, Trade Risk Policies, applicable to both Liability Policy and Package Policy. The cover is not applicable to commercial vehicles under Section E, F & G. The owner must be holding an effective driving licence. The cover is provided to the owner-driver whilst driving the vehicle, including mounting or dismounting from or traveling in the insured vehicle as a co-driver. The scope of cover and sum insured for death, loss of 2 limbs or sight of two eyes or loss of one limb and sight of one eye or permanent total disablement is 100% of sum insured, loss of one limb or sight of one eye is 50% of the sum insured. Maximum sum insured for two wheelers is Rs. 1,00,000 nd for Private Cars and Commercial Vehicles Rs. 2,00,000/-.

Motor Insurance :Non-Essential Covers : (a) Personal Accident Covers for un-named persons Cover is available for all persons travelling in the vehicle, subject to its

maximum carrying capacity. The cover can be taken on named basis for employees or unnamed basis for other than employees. (b) Liability for Non-fare paying passengers.

Motor Insurance Bureau : The working arrangement between motor Insurer's to provide a fund from which claims from injured third parties may be met where these arise from a cause for which motor Insurance is compulsory but the policy of offending driver is ineffective or absent. Claims may also be considered from injured third parties where the guilty drive is unknown.

Motor Insurance, Add-Ons : Bi_Fuel System : Vehicles fitted with bi-fuel system i.e., petrol/diesel and CNG/LPG permitted by the concerned RTA can be covered for the additional value of the fitted kit and for the increased liability that could attach.

Motor Insurance, Add-Ons : Electrical/Electronic fittings : All electrical and/or electronic items fitted on the vehicle and not included in the manufacturers selling price can be included for insurance. Each of these item sis to be specifically declared including value for insurance. Subject to additional premium of course.

Motor Insurance, Add-Ons : Fiberglass Fuel Tanks : Vehicles fitted with fiber glass fuel tanks can include this additional fitting in the OD section of the policy.

Motor Insurance, Add-Ons : Legal Liability for Accident to Non-Fare Paying Passengers including Non-Workmen Employees : On payment of appropriate additional premium.

Motor Insurance, Add-Ons : Legal Liability for Persons Employed in connection with the Operation of the Vehicle : Liability to any paid driver or cleaner or conductor or persons employed in loading /unloading may be covered on payment of additional premium. The premium to be charged on total number of such employees registered to be carried on the vehicle and the coverage is in terms of the Employees Compensation Act.

Motor Insurance, Add-Ons : Techograph : Techograph is a precision instrument which records a vehicle's driving pattern along the route for a period of 24 hours. It given an accurate record of the distance travelled, stoppages en-route (authorized or unauthorized), braking pattern, various speed levels etc. The Techograph provides irrefutable evidence in case of accidents by giving relevant information about the speed, time and place of accident. For the driver, it is also an assurance of safety as he will be warned when he is over-speeding. The Techograph promotes good driving habits and results in saving of fuel and maintenance costs and reduction of road accidents and is as such being installed by many Private Operators, State Road Transport Corporations and Public Owned Corporations and Fleet Operators.

Motor Insurance, Add-Ons : Vehicles Driven by Non-Conventional Source of Power like battery, electric etc (i) Pvt Cars / Taxes are rated as Private Cars / Taxis up to 1000 cc; (ii) Motorised 2 wheelers are rated as motorized 2 wheelers with capacity exceeding 150 cc but not exceeding 350 cc (iii) For vehicles driven solely by any other non-conventional source of power approved by RTA reference to be made to IRDAI.

Motor Insurance, Add-Ons : Vehicles Imported without Custom Duty : Policies issued to cover imported vehicles belonging to Embassies, Consulates etc where the import duty element is not included in IDV the premium chargeable is appropriately loaded.

Motor Insurance, Add-Ons : Vehicles used for Driving Tuitions : Registered by RTA for giving tuitions having double clutches and double brakes with professional tutor accompanying the trainee on payment of appropriate additional premium.

Motor Insurance, Discounts : Anti-Theft Devices : Vehicles fitted with anti-theft devices are approved by ARAI, Pune (Automobile Research Association of India) and installations certified by the approved Automobile Association are eligible for discount on OD subject to a maximum per cent age as also subject to a maximum value.

Motor Insurance, Discounts : Automobile Association Member Discount : Discount on Own Damage premium in package policies is available to Individual, Joint owners, Hire purchaser or companies who are members of recognized Automobile Association/s.

Motor Insurance, Discounts : Use of vehicle within Insured's Own Premises / Sites : Discount up to maximum 33.1/3% may be allowed where use of vehicle is confined to sites (as applicable to goods carrying vehicles only.). The vehicle is not required to be registered under MV Act and is to be used only on site to which the public has no general right of access.

Motor Insurance, Discounts : Vehicles Designed for Use by Physically Challenged : A discount of 33% of premium is normally allowed for vehicles designed for physically challenged.

Motor Insurance, Discounts : Vintage Cars : Vintage cars are insured as valued policies on 25% discount on OD Premium. Agreed value cover is permitted for Vintage Cars for a specified sum insured as compensation for TL / CTL without deduction of depreciation.

Motor Insurance, Driving Other's Car Provision : It may so happen that the registered owner in whose name the policy has been issued was driving another car not belonging to him at the time of accident and the claim has been lodged for damage to this car or for personal injuries to a Third Party under the "Driving Other Car" Clause. In India the owner of the car remains liable for the own damage and third party claims, if the person driving the accidented vehicle, was doing so with due permission of the registered owner. In India we do not have any provision of insurance for "driving other's car" liability insurance. It may cause a peculiar situation where an uninsured vehicle is driven by a non-registered owner in contravention of the Third Party mandatory insurance resulting in criminal liability on person driving other car for accidental death, while authorizing to drive an uninsured car remains a civil liability under MV Act.

Motor Insurance, Geographical Area : Motor insurance is provided for use of the vehicle within India. Temporarily usage in neighboring SAARC countries Bangladesh, Bhutan, Nepal, Pakistan, Sri Lanka, Maldives can be covered by payment of extra premium.

Motor Insurance, Geographical Zones, India : India has been divided into the following zones for the purpose of rating depending on the location of the office of registration or maximum use of the vehicle.

Private Cars /Motorized Two wheelers / commercial Vehicles rates as Taxes (not exceeding 6 passengers)

Zone A	Ahmedabad, Bangalore, Chennai, Hyderabad, Kolkata, Mumbai, New Delhi and Pune
Zone B	Rest of India

Commercial Vehicles other than vehicles covered above

Zone A	Chennai, Delhi / New Delhi, Kolkata and Mumbai
Zone B	All other State Capitals
Zone C	Rest of India

These broad outlines of zoning are followed by insurers. Some insurers have formed further sub-zones based on their claim experience, e.g., Commercial vehicles and two-wheelers in major cities are classed for higher zones than above or sub-classed with higher-rate than the class they fall under.

Motor Insurance, Insured's Declared Value : (IDV, Sum Insured) : The Insured's declared value is deemed to be the sum insured for the purpose of the Motor Insurance Policy and is fixed at the commencement of each policy period for the insured vehicle. The IDV is generally treated as the Market Value throughout the policy period without further depreciation for Total (TL) or Constructive Total Loss (CTL) claims. CTL is understand as and when the repair and retrieval cost of the vehicle as permitted under the policy exceeds 75% of the IDV. The IDV is usually fixed on the basis of the manufacturers' listed selling price of the brand and model and is adjusted for depreciation up to age 5 years. IDV for vehicles over 5 years and obsolete vehicles is to be determined on the basis of an understanding between the insurers and insured. For the purpose of TL/CTL claim settlements, IDV does not change during the currency of the policy. It is clearly understood that the liability of the insurer shall in no case exceed the IDV subject to reduction of the value of the wreck on "as is where is" condition.

Motor Insurance, No Claim Bonus : Earned only on own damage section of the Package Policies covering all classes of vehicles except Motor Trade Policies, Road Transit Risks, Road Risks, Internal Risks. For policies covering liability including Fire and/or Theft risks the NCB will be applicable on the Fire and/or Theft premium only. An insured becomes entitled to NCB only at the time of renewal of the policy after the expiry of the full duration of twelve months provided insured has not made any claim during the last policy period of one year. The NCB can be accumulated up to a maximum limit of 50% on OD Premium. Discount on premium is uniform for all types of vehicles, ranges from minimum 20% to maximum 50% corresponding with 1 to 5 consecutive claim free years.

The NCB follows the fortune of the original insured and not the vehicle or the policy. In case the customer is switching/changing to a company from any other insurance company and have accrued some NCB from previous insurer, he can get the same transferred in case the vehicle is insured within 90 days of renewal due date. In the event of the transfer, the new owner is not entitled to the NCB and hence the proportionate amount will be recovered if the new owner is not presently entitled to NCB or not enjoying NCB.

NCB can be allowed on a substituted vehicle. However, the substituted vehicle must of the same class as the vehicle on which the NCB has been earned. In the case of an individual owner in the event of death of the individual where the custody of the vehicle passes to the spouse and/or children and/or parents or others the NCB entitlement can be transferred to the legal heir.

If a vehicle is sold but not replaced immediately the NCB earned could be claimed within 3 years of cancellation of policy sold, for any fresh insurance.

IN practice a few insurers are allowed lesser NCB than entitled on transfer or on substitute vehicle belonging to a different sub-class.

Motor Insurance, Riders (Extra Cover or Add-ons) : Ambulance Charges Cover : To provide for charges towards transportation of insured persons in ambulance to the hospital

Motor Insurance, Riders (Extra Cover or Add-ons) : Daily Allowance : This cover is available in the event of damage to the vehicle by an insured peril wherein time taken to repair the damage or recovery will exceed 3 days. The policy will pay costs incurred for hired transport up to 10 days for normal damages and 15 days for TL/CTL losses during the policy period. The period starts from the following calendar day of the vehicle reaching the insurers authorized repairers and ends on the date of repairers intimation to take delivery. Time taken for repair to items not related to accident will not be allowed. The allowance ranges from Rs. 600 to Rs. 2,000 per day depending on the category of vehicles. Repairs to be undertaken at insurers authorized repairers. Claim solely for damage to windscreen or glass is not admissible for this cover.

Motor Insurance, Riders (Extra Cover or Add-ons) : Daily Allowance Cover : Many insurers offer daily allowance cover in case the vehicle meets with an accident and is undergoing repair

Motor Insurance, Riders (Extra Cover or Add-ons) :Depreciation Reimbursement : The depreciation under the standard policies for replacement of parts damaged in an accident covered under the policy is being waived under this add-on. However, the add on is sometimes conditional to the age of vehicles being below 3 years and not more than two OD claims having been lodged during the policy perod. The repair of the vehicle to be done at the insurers approved repairer. The deductibles under the policy will be applicable. (a) The variations among insurers may be on partial reimbursement, if repairs at insured's regular repairer. (b) A restriction on the maximum claims for this benefit in a policy year (c) Tyres and batteries would be excluded.

Motor Insurance, Riders (Extra Cover or Add-ons) : Emergency Transport and Hotel Expenses : In the event of the insured vehicle being damaged in an accident rendering it unusable, the cost of hotel accommodation at nearest city and return to home including taxi fare will be allowed under this extension provided there is a valid claim under the policy for this accident. The sum insured for this add-on to be decided in advance varying between Rs. 10,000 to Rs. 50,000 and per occurrence limit will not exceed 50% of sum insured. Variations of this cover are offered by various insurers and differences are on the basis of sum insured, time limitations, distance limitations, excluding perils like riot and strike, flood, earthquake.

Motor Insurance, Riders (Extra Cover or Add-ons) : Engine Protector : The coverage under this add on is for accident to vehicle resulting in damage to internal parts of engine due to water ingression/leakage of lubricating oil and/or damage to gear box

as a result. The extension will pay for repair or replacement of these parts including labour.

Motor Insurance, Riders (Extra Cover or Add-ons) : Key Replacement : Cost of replacement of locks and keys, if the vehicle is broken into or cost of replacement of lost / stolen keys. The sum insured ranges differently from insurer to insurer and usually the per occurrence limit is 50% of the sum insured. Own Damage claim is not a condition precedent for this cover.

Motor Insurance, Riders (Extra Cover or Add-ons) : Loss of Personal Belongings : This cover loss of personal belonging lying in the insured vehicle due to perils covered under the OD section of the policy, following an accident to the insured vehicle. Personal belongings do not include money, securities or valuable or goods of trade or samples and items of similar nature. The sum insured is to be decided at the time of taking insurance and the add on will pay only if the claim for the damages to the vehicle is admissible.

Motor Insurance, Riders (Extra Cover or Add-ons) : Nil Depreciation : Depreciation will not be deducted for replacement of parts for partial loss claims (TL/CTL will be settled on the basis of IDV). The cover is provided for up to 3 years of private cars and two wheelers

Motor Insurance, Riders (Extra Cover or Add-ons) : Personal belongings Cover : The insurer indemnifies the insured for loss of personal belongings.

Motor Insurance, Riders (Extra Cover or Add-ons) : Spot Assistance : The coverage under this extension provides for a number of emergency services that a vehicle owner could face in daily usage of the vehicle. Some of these emergencies may not involve accidental damage to the vehicle. The extension applies to the insured's city of residence and within a distance of 100 kms from city. Repairs / services of insurers authorized repairers to be availed. Spot Assistance may include (a) Flat battery – providing alternative arrangements to make the vehicle mobile again. (b) Spare keys In the event of loss arrange for pick-up and delivery of spare keys (c) Flat Tyre – refit/replacement (d) Minor repairs (e) Towing (f) Urgent message relay following accident or breakdown (g) Medical coordination (h) Fuel assistance – up to 3 liters of fuel at cost (i) Taxi service – from breakdown site to maximum up to 50 or 100 kms. (j) Accommodation for one day following immobilization of vehicle to due to accident (k) Legal advice : Telephonic legal advice to maximum 30 minutes.

Motor Insurance, Riders (Extra Cover or Add-ons) :No Claim Bonus Protection : The NCB earned on the vehicle is 25% or more and no claims in the premium 2 years or a brand new vehicle entitled to 25% or more NCB can opt for this cover. This NCB will be protected if not more than one claim is made during the policy period provided that the renewal is affected on or before 90 days of expiry of the policy. The clause also provides that claims for damage to all glasses or partial theft of accessories only have occurred and no other damages to the insured vehicle have been claimed, the loss will not be treated as a claim by the insured. In the event of theft of vehicle, if insured purchases a new vehicle and insures with the insurer within 90 days of the theft, the existing NCB will be applicable. In effect the loss will not be treated as a TL/CTL. The insured is required to provide Renewal Notice or copy of previous policy with declaration of NCB along with the proposal form to avail of this cover.

Motor Insurance, Riders (Extra Cover or Add-ons) : Repair of Glass, Rubber, Fibre and Plastic Parts : In the event of claim for damages only to Glass, Fibre, Plastic or Rubber Parts the insured undertakes to repair these items instead of replacing them and the NCB will not be affected. The repairs must be undertaken at the insurers approved repairers and no other claims for damages to the vehicle are involved.

Motor Insurance, Riders (Extra Cover or Add-ons) : Return to Invoice : In the event of the insured vehicle being a TL/CTL the insurer will pay the difference between the claim admissible and the sale invoice price of the vehicle or new replacement value of the same make and model value, whichever is less. The policy will pay in addition the first registration fee and road tax incurred on the insured vehicle. The coverage is subject to the vehicle being not more than 3 years old and the insured being the first registered owner of the vehicle. The IDV of the policy will be as decided by the insurers and value as on the commencement date of the policy. The sum insured will be the maximum liability under the policy. The policy will not pay if the TL/CTL or theft claim is not admissible.

Motor Insurance, Type of Policy Covers : **Motor Liability Only Policy** : This form covers, 'Act Liability" and 'Personal Accident Risk to Owner/Driver'. Liability only policy is called Standard Form for "Liability Only" policy. This form applies uniformly to all classes of vehicles, whether Private Cars, Commercial Vehicles, Motor Cycles or Motor Scooters, with suitable amendments in "Limitations as to Use", "Driver Condition" and some specific Conditions. The Authority has prescribed proposal forms for third party 'Liability Only" policy for private car, two wheelers and commercial vehicles.

Motor Insurance, Type of Policy Covers : **Motor Liability, Fire & Theft Cover** : This cover is normally offered by insurers for vehicles over 7 years, prohibited for Class D (Miscellaneous and Special Type) vehicles.

Motor Insurance, Type of Policy Covers : **Motor Package Policy** : Package policy form provides wider cover for 'own damage", 'Act Liability', and P.A. to owner / river with suitable modifications based on the class of vehicle covered. It can also be extended to cover additional liabilities such as liability employees or the insured who may be travelling in or driving the employer's cars, augmented Third Party Property Damage Liability, etc. Insurers could, restrict the cover under the Own damage Section of Package Policy without reduction in premiums or increase the premium. However, 'Liability only' cover cannot be modified.

Motor Insurance, Type of Policy Covers : **Motor Trade Internal Risks Policy :** The policy covers damage to any insured vehicle (including its accessories where thereon) the property of the insured or any member of the insured's family or household caused by accidental, external and visible means and occurring in or on the premises. Section (ii) of the Policy covers legal liability.

Motor Insurance, Type of Policy Covers : **Motor Trade Policy** : Two types of policies are designed for the requirements of Motor Trade : (A) Motor Trade Package : Section (i) Motor Trade Package covers accidental loss or damage occurring during the period of insurance while the vehicle is in a public place or is temporarily garaged during the course of a journey elsewhere than in or on the premises owned or occupied by the insured. Section (ii) covers liability to third parties and Section (iii) extends insurance under section (i) and (ii) to any vehicle (mechanically propelled or otherwise) attached to the insured vehicle for the purpose of being towed.

Motor Insurance, Type of Policy Covers : **Motor, Fire and/or Theft Only Cover** : Restricted cover for Fire and/or Theft only peril's is permitted only if the vehicle is laid up other than due to accident. The customer may be advised to obtain a "Not in Use" endorsement from the RTA on the RC Book before such a policy is offered. However, restricted perils cover is prohibited for all vehicles under Class D (Miscellaneous and Special Types), Class E, F & G (Motor Trade Risks).

Motor Insurance, Type of Policy Covers : The IRDAI has withdrawn the Indian Motor Tariff with effect from 1st April 2009. However, the wordings of "Liability Only' Policy

are retained and the rates for 'Liability Only" policy are regulated by IRDAI. With regard to 'Own Damage" Covers the existing policy wordings are to be continued but insurers are given freedom of pricing and permitted to provide add on covers after obtaining the Regulator's approval. The erstwhile India Motor Tariff wordings will remain as standard cover.

Motor Insurance, Vehicles Requisitioned By Government : The vehicles requisitioned by Government are automatically held covered during requisition period, without any additional premium. The loss / claim is payable by insurer, in excess of amount paid by Government.

Motor Night Vision with Pedestrian Detection : The new system pin points pedestrians, highlighting them on a dashboard display. Variant of system display the direction the pedestrian is moving. As the distance closes between pedestrian and vehicle, a warning appears on the night vision monitor as well as the head up display on the windshield if so equipped.

Motor Third Party Pool : In December 2006 IRDA issued direction that all the General Insurers operating in India will collectively participate in a pooling arrangement to where in all motor third party insurance business. The GIC was nominated as the Administrator of the Pooling Arrangement. The pool was made operational w.e.f. 1st April 2007 whereby (01) The GIC's share would b the statutory cession received by it (01) All other members will cede to the pool in proportion to their market share of the Gross Direct Premium underwritten in India (03) The General Insurance Council shall appoint a committee to lay down detailed underwriting policies and procedures as well as detailed claims processing procedures. (04) The pool will handle only commercial vehicles covered by policies issued by all general insurance. (05) Since the motor third party business is expected to run on a "no profit no loss" basis, there shall be no ceding commission in respect of the business ceded to pool w.e.f. 1.4.2010. Earlier it was 10%.

Motor Vehicles Permit : Permit is an instrument issued by a State or Regional Transport Authority authorizing the use of a motor vehicle as a transport vehicle in specified manner as per the relevant provisions of Motor Vehicles Act and rules. Further, Sec. 66 (1) mandates for necessity of permit for transport vehicles.

Motor Vehicles Permit, All India Tourist Permit : Permit is given to luxury buses which have white color with a blue ribbon of five centimeters width at the center of exterior of the body and the word "Tourist" shall be inserted on two sides of the vehicle within a circle of sixty centimeters diameter. A tourist permit shall be invalid from the date of which the motor vehicle covered completes 9 years in the cases of motor cab and 8 years where the motor vehicle is other than a motor cab, unless the motor vehicle is replaced by another not more than 2 years old on the date of replacement. The seating layout shall be two and two or one and two or one and one on either wide, all seating facing forwards. The vehicle should also have other facilities such as public address system, drinking water, push full back seats, fans, curtains, a separate driver cabin etc.

Motor Vehicles Permit, Buses (i) Contract Carriage Buses : The permit holder can operate under a contract with his client for a fixed destination within Delhi or outside Delhi. List of passengers has to be available with the driver of the bus. Cannot pick passengers other than those mentioned in the list. Also known as Chartered buses. (ii) Stage Carriage Buses : The permit holder can operate their bus under their allotted routes for picking up passengers from one place to another. The fares are fixed.

Motor Vehicles Permit, Goods Carrier : (i) Permit to Goods vehicles operating within the State. Permits granted to a particular vehicle for carrying a particular load has to be plied for that particular area. (ii) Counter Signatures of Good s Carriers Permits : These are permits which are initially issued by one state and later on endorsed in another state by the concerned State or RTA. (iii) National Permits : Issued to goods vehicles to enable them to go outside the home state. Issued for a minimum of 4 continuous states (including the home state). The maximum age in case of a particular vehicle should not exceed 12 years. In case of a multi-axle vehicle the maximum age not to exceed 15 years.

Motor Vehicles Permit, Rent a Cab : Under this scheme the passengers drives the vehicle himself and fare is charged on number of days the cab used. The applicant should have a 24 hours accessible telephone, adequate parking space, experience of passenger transport business. The applicant should have a fleet of 50 dabs of which 50% should be air-conditioned. The permit is valid throughout India provided passenger taxes are paid to the Corresponding States.

Motor Vehicles Permit, School / Institution Buses : To be painted in golden yellow paint these vehicles belonging to Educational Institution registered under the Societies Act, 1960 are issued contact carriage permit. Additional safeguards in respect of safety of the school children need to be incorporated.

Motor Vehicles Permit, Temporary Permit : To transport vehicle for a limited period, enabling the vehicle to go outside (a) For the conveyance of passengers on special occasions such as to and from fairs and religious gatherings, or (b)for the purposes of a seasonable business, or (c) To meet a particular temporary need, or (d) Pending decision on an application for the renewal of a permit.

Motor Vehicles Permit, Passenger Carrier : (a) Auto Rickshaw and Taxi permits – to carrying the passengers within a city. Fare as per fare meter mounted on such vehicles. (b) Maxi cabs : For carrying passengers to various parts of Delhi on a fixed route and as per fare fixed. Total seating capacity of such vehicle not to exceed more than 12 excluding driver. (c) Phat Phat Sewa : The operators using the three wheeled Harley Davidson engine vehicles. Ply on a fixed route and charge the rate as per approval. (d) Eco Friendly Sewa : Battery operated 3 wheeled vehicles having seating capacity up to 10.

Motor, "e-cart" or "e-rickshaw" : A new type of vehicle introduced is **"e**-cart" or "e-rickshaw" by Motor Vehicle Amendment Act 2015. **"e**-cart" or "e-rickshaw" means a special purpose battery powered vehicle of power not exceeding 4000 watts having three wheels for carrying goods or passengers, as the case may be, for hire or reward, manufactured, constructed or adapted, equipped and maintained in accordance with such specifications, as may be prescribed in this behalf. The Driving Licence to drive **"e**-cart" or "e-rickshaw" shall be issued in such manner and subject to such conditions as may be prescribed.

Motor, Articulated Vehicle : A motor vehicle to which a semi-trailer is attached.

Motor, Automatic High-Beam Control : This is a system that automatically illuminates and dims the high beam headlights in relation to approaching traffic. A camera mounted on the rearview mirror detects when the vehicle is closing in on oncoming traffic, as well as vehicles ahead traveling in the same direction, and disengages the high beams. The latest technology not only merely swath between low and high beams but reacts by gradually increasing or lowering the light distribution based on the distance of approaching traffic. It also dims the high beams for sharp turns and then re-engages the high beams if there is no approaching traffic once the turn is completed.

Motor, Bi-fuel vehicles : Sometimes, in addition to Petrol or Diesel the vehicles have attachments for CNG or LPG as fuel for running the vehicle and as such are subject to increased hazard in the event of accident. Such vehicles require an endorsement in the registration certificate by the RTA. In such cases an additional premium is to be charged for insurance cover.

Motor, Cameras : Camera systems that provide a view behind the vehicle when shifted into reverse are things of yesterday. The new trend is toward multiple cameras providing enlarged field of view. Multi camera system employs three to five cameras depending on the version of the vehicle to display a panoramic view when parking. Precise distances are indicated by lined on the image. It also sounds an alarm when the vehicle closes in on an unseen object during the maneuver. Infiniti's Around View Monitor has four wide angle cameras mounted in the front, rear and sides, providing a bird's eye, 360-degree view for parking purposes. Distances are illustrated by color graphics.

Motor, Claims Conciliation Committees : (Settlement of Motor Accident Related Cases through alternative forum) : The legal Services Authorities Act, 1987 provides for organizing of Lok Adalat by the Legal Services Committees at various levels to determine and arrive at a compromise or settlement between parties to a dispute in respect of any case pending before any court for which the Lok Adalat is organized. The Insurance industry has also established Claims Conciliation Committees and Jald Rahat Yojana which enables negotiated settlements. The award by these would not carry any interest. Thus, the settlement through the above enable the companies to save the interest and administration charges.

Motor, Classic Cars : Any car manufactured after 31.12.2940 but before 31.12.1970 is considered as a Classic Car by the Vintage and Class Car Club of India.

Motor, Color of the Vehicle : Though, not yet prevalent in India, the color of the vehicle is also important for rating purposes, as international studies have found that black, red or yellow painted cars are more prone to accidents, while white cars are more prone to thefts.

Motor, Commercial Vehicles : The categorization of Motor Commercial Vehicles is done by IRDA vide circular dated 29th March 2012 for the purpose of Motor Insurance Rating in Indian Market as follows :

Motor, Commercial Vehicles : The categorization of Motor Commercial Vehicles is done by IRDA vide circular dated 29th March 2012 for the purpose of Motor Insurance Rating in Indian Market as follows :	
Class	Type of vehicle
A	Goods Carrying vehicle
A-1	Public Carriers
A-2	Private Carriers
A-3	Goods Carrying Motorised 3 Wheelers and Motorised Pedal Cycle (Public Carriers)
A-4	Goods Carrying Motorised 3 Wheelers and Motorised Pedal Cycle (Private Carriers) and (i) Tractors, (ii) Dumpers, (iii) Milk Vans (iv) Oil and Petrol Transport Vehicles (v) Refrigeration / pre-cooling units (vi) Tankers (vii) Tippers predominantly used for commercial purpose.
B	Trailers
C	Public Passenger Service Vehicles for Hire or Reward
C-1	3 or 4 wheeler PPSV-PCC less than <6 (Taxis / Pvt. Car type owned by Hotels and Hired by them to their guests)

C-2	4 or More wheeled PSV more than PCC 6> 3 wheeled PSV-PCC more than 17>
C-3	Motorised 3 wheeled PSV for hire or reward
C-4	Motorised 2 wheeled PSV for Hire or reward
D	Misc and SP type 51 types of vehicle included
E	Road Transit Risks Only
F	Motor Trade (Road Risks) Only
G	Internal Risks only

Motor, Conductor's License : The license issued by a competent authority authorizing the person specified therein to act as a conductor.

Motor,Contract Carriage : A motor vehicle which carries passengers for hire or reward and is engaged under a contract, whether express or implied for the use of such vehicle as a whole for the carriage of passengers mentioned therein and entered into by a person holding a permit in relation to such vehicle or any person authorized by him in this behalf on a fixed or agreed rate or sum on (i) a time basis, or (ii) from one point to another, and in either case, without stopping to pick up or set down passengers not included in the contract anywhere during the journey and includes a maxi cab and a motor cab.

Motor, Drive Less Pay Less : Drive less Pay Less are some of the concepts which are gaining ground due to rising fuel costs and increasing traffic congestions. The concept of underwriting on the basis of make model and carrying capacity do not provide equal ground. The Supreme Court of India has recommended the Government to provide identical grounds to all users of vehicles on the basis of its use by mulling on petrol cess or kilometer traversed by a vehicle.

Motor, Driver Capability : A system that evaluates driver's aptitude and shuts down the vehicle when incompetence is detected. Technology exists that measures a driver's fitness and issues warnings when a driver is judged overly tired or impaired. The system remembers a driver's normal behavior behind the wheel and establishes it as the driver's baseline profile. Continually measuring factors such as speed, lateral acceleration, steering wheel angle, pedal use and so forth, the system determines if there is any deviation from the baseline. If so, it alerts the driver visually and audibly that it's break time. Even external influences such as crosswind and road surface are factored in.

Motor, Driverless vehicles (Fully Autonomous Vehicles) : Driverless vehicle has become more a fact than a fiction. Google's driverless car has now clocked more than 300,000 miles without a single accident whilst under the computer's control. If this technology be widely adopted then this could be an answer to reducing the road accidents and thereby reduction in insurance premium. Due to driverless system's accuracy, these vehicles could reduce the number of fatalities that occur on the roads daily. A driverless system could help to eradicate careless and negligent driving behavior, thereby reducing the number of accidents. If there are lesser the number of accidents cars could be built lighter, allowing for less fuel consumption. Imagine too driving under the influence of intoxication would no longer exist and few hundred thousand lives could be saved each year.

Motor, Driving License : The license issued by a Competent Authority under Chapter II of the 1988 Motor Vehicles Act authorizing the person specified therein to drive, otherwise than as a learner, a motor vehicle or a motor vehicle of any specified class of description. Under these provisions of New Motor Vehicles Act, 1988, a "Learners License" is not considered to be a "Driving License".

Motor, Fibre Glass Fuel Tanks : The trend to lighter vehicles means that such components are being installed in motor vehicles. The cost is substantial and hence can be covered under the policy on additional premium.

Motor, Fleet : Motor fleet Insurance concerns the terms and conditions on which Insurance is offered to the owner of a number of cars of commercial vehicles.

Motor, Future Car Technologies : Automobile propulsion technologies under development include (i) petrol/electric and plus in hybrids (ii) Battery / electric vehicles (iii) Hydrogen cars (iv) bio fuels, and various alternative fuels. Alternative forms of power include the development of fuel cells, Homogeneous Charge Compression Ignition (HCCI), Steering engines, and even using the stored energy of compressed air or liquid nitrogen. New materials which may replace steel car bodies include duraluminium, fiberglass, carbon fiber, and carbon nano tubes. Telematics technology is allowing more and more people to share cars, on a pay as you go basis, through care share and car pool schemes.

Motor,Goods Carrying vehicles : These were earlier classified as “Private Carrier” and “Public Carrier” and are used for commercial purposes. According to the Motor Vehicles Act, 1988, goods carrying vehicle is called “Goods Carriage”. There is no categorization of Public Carrier and Private Carrier. However, they are still classified as public and private carrier for rating purposes under Class A.

Motor, GPS Tracking : Parents wishing to expand on the Big Brother theme can purchase the Live View GPS Live Track PT-10. It is a tracking system that updated a vehicle’s position every 10 seconds. Watching it live requires only Internet access. Small and portable, the tracking device can be moved from vehicle to vehicle. It can also alert parents through their cell phone if the vehicle’s present speed threshold is exceeded or if the vehicle enters/exits certain areas. It and similar Live View GPS Products are also handy tools for business that need to tract their fleet vehicles.

Motor, Gross Vehicle Weight : Means in respect of any vehicle, the total weight of the vehicle and load certified and registered by the Registering authority as permissible for the vehicle.

Motor, In-car Internet : There are systems that allow for surfing using cell phone technology. Using a portable router mounted in the trunk or other out of the way location the system uses a 3G network to supply an uninterrupted signal regardless of cell tower blind sports, tunnels and so forth. In addition to the router, there is a monthly subscription fee based on estimated usage. Different systems dovetails several technologies into an integrated system can complete a variety of tasks from maintaining tool inventory to sending out invoices, creating spreadsheets and surfing the internet through the Sprint Mobile Broadband Network.

Motor, In-car Technologies : Strong interest in new in car technologies by consumers in emerging economies could influence demand, decelerate rollout of next generation connected vehicle. The technologies includes (i) Navigation and traffic services (ii) A range of autonomous driving aids, (iii) In-car service, including entertainment (a) work tools and learning, (b) safety services (c) Black box type monitoring of a person’s driving patterns that can help reduce insurance premiums and a number of (d) passenger related services. Services also to include safety of driverless cars, land changing warning system, collision warning systems, lane-keeping systems, automatic braking systems that prevent hitting an object and faulty automatic parking.

Motor, Light Motor Vehicle : (LMV) : A transport vehicle or omnibus, the gross vehicle weight (GVW) of either of which or a motor car or a tractor or road roller, the un-

laden weight of which or a motor car or a tractor or road roller, the unladen weight of any of which does not exceed 7,500 kg (earlier it was 6,000 kg). Because of this, now the classification is as under :

LMV	**Up to GVW 7,500 Kg**
MVW	**GVW 7,500 kg to 12,000 kg**
HGV	**GVW above 2,000 kg**

Motor,Maxi cab : Any motor vehicle constructed or adapted to carry more than six passengers, but not more than twelve passengers, excluding, excluding the driver, for hire or reward.

Motor, Military Disposal Vehicles : Inspection is also insisted on before acceptance of military disposal vehicles and where requests are received for conversion from third party risks only policy to package covers at renewal or during the currency of the policy.

Motor, Miscellaneous and Special Types of Vehicles : Thee are categorized Ambulances, Breakdown Vehicles, Cinema Film Recording and Publicity Vans, Cranes Fitted with Lift apparatus, breakdown vehicles, Delivery Truck-pedestrian controlled, Dispensaries, Dust Carts, Water Carts, Road Sweepers, etc., Excavators, Electric Trolleys, Fire Brigade and Salvage Corps Vehicles, Footpath Rollers, Fork Lift Trucks, Hearses, Levelers, Mobile Shops and Canteen Vehicles, Mobile Surgeries and Dispensaries, Plane Loaders, Refuse Carts, Road Rollers, Road Sprinklers also used as Fire Fighting Vehicles, Site clearing and leveling plant, Traction Engine Tractors – Angle Dozers, Bull Dozers etc. Tractors Pedestrian Controlled. Tractors used for agricultural, forestry, tar spraying etc., Trailer fitted as Cinema Film Recording and Publicity Vans, Dust Carts, Water Carts, Fire Brigade, Mobile Plants, Mobile Shops and Canteen Clearing and leveling plant, Tar spraying.

Motor,Motor cab : Any motor vehicle constructed or adapted to carry not more than six passengers, excluding the driver, for hire or reward.

Motor, **Motor Car** : Any motor vehicle other than a transport vehicle, omnibus, road-roller, tractor, motor cycle or invalid carriage.

Motor, **Motor Cycles / Scooters** : The terms motor cycle will include motor scooter and / or auto cycle. These vehicles are either (i) Mechanically propelled two wheelers with or without side car, or (ii) mechanically propelled three wheelers with engine capacity not exceeding 350 c.c.

Motor, Parental control : Parents who are afraid their teen driver might speed or be distracted by playing the vehicle's audio system at an excessive volume can use MyKey system to limit speed and volume. When programmed, MyKey limits the speed to 80 miles per hour. It can also be programmed to limit the audio volume and to sound a continuous alarm if seat belts are left unfastened.

Motor, Passengers Carrying Vehicles : All vehicles used for hire or reward with different registered passenger carrying capacity are categorized under class C. These may be metered or non-metered. They also include vehicles owned by hotels and hired to guests. Three-wheeler motorized vehicles are also part of this class of vehicle. A new type of vehicle introduced is "e-cart" or "e-rickshaw" by Motor Vehicle Amendment Act, 2015.

Motor, Pay as You Drive : Pay as you Drive (PAYD) motor policies are a new concept of insurance contracts……. Also called Usage Based Insurance (UBI) because of an annual premium be established, the premium is fixed according to the number of kilometers done by the car, besides other characteristics of the risk traditionally used

in pricing. Therefore, those who use the car more are going to pay a higher premium because they are more exposed to the risk of accident.

Motor, Private Cars : Vehicles used solely for social, domestic and pleasure purposes and business or professional purposes, but not for carriage of goods other than samples. Three wheeled cars for private purpose are also covered.

Motor,Private Service Vehicle : A motor vehicle constructed or adapted to carry more than six persons, excluding the driver, and ordinarily used for the purpose of carrying persons for, or in connection with, his trade or business otherwise than for hire or reward, but does not include a motor vehicle used for public purposes.

Motor, Public Place : Public place means a road, street, way or other place whether thoroughfare or not, to which the public have a right of access, and includes any place or stand at which passengers are picked up or set down by a stage carriage.

Motor,Public Service Vehicle : Any motor vehicle used or adapted to be used for the carriage of passengers for hire or reward, and includes a maxi cab, a motor cab, contract carriage and stage carriage.

Motor, Rear-Mounted Radar : Rear pointing radar alter drivers to unseen objects immediately behind them….. a fence, wall, tree or another vehicle. New Radar technology searches for approaching cross traffic. When it sees traffic approaching which you are backing up, it sounds an alarm. Chrysler's version is available in its minivans and is called Cross Path detection System. It includes visual indicators in the out board mirrors, Ford's system is called Cross Traffic Alert. Offered in the 2020 released Fusion and Mercury Milan it also has outboard mirror alarm indicators.

Motor, Registration of the vehicle : As per Sec. 39 of the Motor Vehicle At no person shall drive any motor vehicle and no owner of the motor vehicle shall cause or permit the vehicle to be driven in any public place or in any other place unless the vehicle is registered in accordance with the Motor Vehicle Act 1988.

Motor, Rent a Car : The vehicles of various categories are available on rent from Motor Cycles / Scooters to Buses on Hire / Charter basis for the convenience of consumers. The consumer is required to possess valid and effective driving licence and pay a nominal amount as deposit to hire a vehicle duly insured for damage to the vehicle or liability to third party property damage or bodily injury.

Motor,Sports Car : Considered to be heavier risks than other cars of the normal type. The repair costs are likely to be higher. These cars which are specially designed for usage at high speed are usually driven by young drivers from affluent families. The loss severity will be high because of the high speed ad carefree attitude. Thus, each ase is decided on individual merits and acceptance is subject to an excess, exclusion of personal accident benefits and loading of premium. Some insurers may restrict the driving to named persons only.

Motor,Stage Carriage : A motor vehicle constructed or adapted to carry more than six passengers excluding the driver for hire or reward at separate fares, either for the whole journey or the stages of the journey.

Motor, Stage Carrier v/s Contract Carriage, Motor : The Contract carriage is engaged for the whole of the journey between two points for carriage of a person or persons hiring it, but it has not the right to pick up other passengers en route. The stage carriage, on the other hand, runs between two points irrespective of any prior contract, and it is boarded by passengers en route who pay the rate for the distance they propose to travel.

Motor, Tanker : Classified under Class A-4. Tankers are used for transit of non-solid goods viz., Liquids like water, milk, edible oils, petroleum goods, chemicals, bitumen etc and as gases in liquid form like LPG Oxygen, Nitrogen etc. Tankers are built in the truck itself or as trailer depending on the capacity and its usage. The tankers are manufactured depending on the products, capacity and the law governing the particular product.

Motor, Tanker Bitumen : Very special inbuilt feature. Bitumen will be solid in form in normal condition. This material has to be semi solid form for it to flow for loading and unloading. The hot bitumen in semi-solid form is loaded. The tanks are fitted with a furnace to heat the bitumen inside the tank enabling it to become semi solid form to flow out for unloading. Insulation is done around the tank to maintain its temperature inside the tank. The insulating material is covered by sheet metals.

Motor, Tanker Milk or Chemicals : Used for transportation of milk and is constructed in stainless steel and few of them are of refrigerated ones. The chemical carrying tanks will be lined with FRP, Glass, Rubber, Plastic etc., depending on the individual chemical and some of them are also insulated.

Motor, Tanker Water : Used for transportation of water and is the simplest and either rectangle or elliptical with / without full / half baffle plates need no calibration. Tankers used for transportation of petroleum products are governed by various acts viz., Explosive act, Weight and Measures Act (subject to calibration annually), general of 12 KL or approx. 9.6 MT CAPACITY. Tanks usually have three or four compartments and their front and rear end and cover are called as Dish ends, where parturition sheets used are called Baffles mainly to meant to reduce the oscillation of liquid. The loading is done by gravity feed method for majority of the goods such as kerosene, petrol, diesel and edible oil. The inlet for tankers carrying these type of goods will be normally on top of every compartment. There are goods loaded only by pressurized flow. These goods will be loaded only through ports filled at the bottom of the tanks, ex., LPG. The outlets) of gravitational fed loads are provided at the bottom of the tanks. The control of outflow will be done by gate valves. A special feature is provided in the petroleum carrier. A special shut of valve arrangement is provided for emergency purposes.

Motor, Tankers LPG : Tanks to transport gases and are governed by various Statutes. The products are LPG, Oxygen, Ammonia, Nitrogen etc and one such type of tank to carry is LPG tank. The product such as HSD, Petrol and kerosene are loaded at atmospheric pressure while LPG is loaded at certain higher pressure. All pressurized tanks will have safety valves. Temperature and pressure gauges are fitted in the tanks along with rotor gauge to find the level of the liquid. Maximum 85% capacity is loaded. The loading pressure of LPG is 10 KSCM, while filling pressure is 14.4 KSCM. Therefore, manufacturer of LPG Tank is required to involving testing authorities from day one i.e., selection of raw materials while manufacturing LPG Tanks. The drawing and valves details of the Tank are furnished to Explosive department for issuance of Certificate. As LPG is highly explosive in its nature, the Government through the Controller of Explosives stress the safety of the tank by involving third party agencies like M/s IES, Bureau of VERITAS for inspection, from selection of sheets, up to the end of manufacture of tank. Tests carried out during the manufacture of tank.

Motor, Test Drive Vehicles : The vehicles are marketed in streets and by lanes in our country to reach customer at his door. Test drives are being advertised as a comfort zone provided by dealer to satisfy the customer about new features of the vehicle. A new concept of selling on road side make shift arrangements is also coming in vogue

.

Motor, Tippers : These are goods carrying transport vehicle used for carrying loose and bulk goods viz., mining materials, sand, blue metals, coal etc. These tippers normally operate for short distance only like Harbors, cement factories, Mines, Earthen Work, Road work etc and are 2 cu meters of load areas up to 100 cu meters presently working in mines. These vehicles have power take off shaft in the gear box to drive the hydraulic pump which develops the pressure used for lifting the load body with the help of telescopic jack. The cabin for the tipper is almost similar to common truck.

Motor, Trade Internal Risks : In contrast to the Motor Trade Road Risks Policy (which offers cover in respect of vehicle in a public place but not in or on the premises of the insured or in his occupation), Motor Trade Internal Trade Risks cover applies to accident, loss or damage or liability arising out of an event occurring only on the insured's business premises.

Motor,Trailer : Classified under Class B. A trailer is any truck-cart carriage or other vehicle without means of self-propulsion including agricultural implements drawn or hauled by any self-propelled vehicle. Trailers are of two types (i) One version has axels at both the ends coupled with tow bar arrangement by fifth wheel coupling. (ii) In another version the rear portion will have the axel and the front portion will be mounted on the prime mover.

Motor, Trailer Running Gear : Also a kind of trailer but without the loading area. One end of the loading compartment is mounted on the axle area of the running gear. This does not possess any drive. Air for brake and electrical connection is provided from the prime mover. This type of running gear is used in the LPG Tankers (articulated vehicle). The rear mounting beds of LPG tanker will be mounted on the running gear. The number of axles (single or double axles) in the running gear will be according to the load carrying capacity of LPG tank. The other trailers will have main chassis frame from the prime mover up to the rear end.

Motor, Trailer used for Passenger Transport : The trailers used for passengers transport are always similar in nature in body construction. In goods transport the trailers are connected with various types of bodies' viz., load body, platform, tanker and special application like asphalt mixing machines.

Motor, V2V, V2V1, V2X : V2V is an automobile technology designed to allow automobiles to "talk" to each other and allows vehicles to communicate with the roadside infrastructure. V21 is an extension of V2V and collectively they are known as V2V1 or V2X. The V2X connected vehicles vision is extension and (a) all such vehicles have communication equipment that allows continuous connection to all nearby vehicles (b) All vehicles have communication equipment that allows continuous connection to all roadways infrastructure. (c) To improve safety, traffic flow energy usage. (d) may become an enabling technology for future cruise-assisted highways and autonomous driving.

Motor, Vehicle : Any mechanically propelled vehicle adapted for use on road, whether the power of propulsion is transmitted thereto from an external or internal source and includes a chassis to which a body has not been attached and a trailer, but does not include a vehicle running upon fixed rails or a vehicle of a special type adapted for use only in a factory or in any other enclosed premises or a vehicle having less than four wheels fitted with engine capacity of not exceeding 25 cubic centimeters (25 cc).

Motor,Vintage Car : Any car manufactured prior to 31.12.1940 and duly certified by the Vintage and Classic Car Club of India.

M./R. : Mate's Receipt.

M.P.L. : Maximum probable loss or maximum possible loss. Refer : "Loss maximum probable" and "Loss, maximum possible."

M/T : Metric Ton (2204 lbs.)

Movables, Marine : Movables means any movable tangible property, other than the ship, and includes money, valuable securities and other documents.

Mt. : Empty

Mule / Horse /Pony / Donkey / Yak Insurance : Policy covers indigenous, cross bred and exotic drought and half drought horses, mares, ponies, donkeys, mules and yaks used for carrying weight, cart work, marriage purposes drawing sulkies coaches, vans and utilized for farm work. Horse Insurance (Blood Stock) is not covered. Age group of the animal is 2 to 8 years and coverage and exclusions are as per Cattle insurance.

Multi-Disciplinary : Treatment which involves care provided by a wide range of specialists.

Multimodal International Transport : International multimodal transport has been defined as the carriage of goods from one country to another by more than one mode of transport on the basis of a single contract. The consignor entrusts the goods to the person who undertakes to organize multimodal transport and make all th intermediate arrangements necessary for through movement of the goods and their delivery to the consignee at destination. The multimodal transport operator acts as the principal and not as Agent of the consignor. When such a door-to-door contract on through freight rate is planned the burden of documentation and other formalities connected with the system is reduced to the minimum.

Multimodal Transport Organizations, Types Of :

1. Vessel operating MTOs :

    a. Individual shipping companies or group of companies
    b. Producers/exporters of certain commodities who are the major users of their own multimodal transport operations but also operate with owned or chartered ships.

2. Non-vessel-operating MTOs:
    a. Freight forwarders
    b. Road transport operators
    c. Railways
    d. Airlines
    e. New companiesspecialized in multimodal transport operationsonly.

M/V or M.V. : Motor Vessel

Multi-Peril Crop Insurance : Crop insurance usually providing coverage against crop losses by adverse weather (hail, wind, etc.), fire, flood, insects, plant disease and other perils.

Multi-Peril Insurance : Property Insurance which covers a number of perils, such as Fire, burglary, and earthquake, in a single Policy. Multi-peril policies are not necessarily multiple line policies, since the combined perils may be all within one insurance line.

Multiple Indemnity : A provision that some or all of the benefits under a policy will be increased by a stated multiple, such as 100% or 200%, in the event that peril occurs

in a specified way, e.g., double indemnity in case of Permanent Total Disablement due to an accident under PA Policies.

Multiple Line Insurance : Insurance which combines coverage of both property and liability loss exposures into one Policy.

Multiple Location Risk Insurance : Insurance of property owned or controlled by one person or corporation in a number of different locations.

Multiplier : (1) A factor applied to pure loss costs to produce a rate of premium. (2) In an action for damages for personal injury a factor applied to annual loss of earnings in calculating damages for death or permanent disablement.

Multi-Transit Policies, Marine : A Multi transit policy is a single marine open policy providing coverage to multiple transits of the insured. This is done by describing under the "Voyage section" of the policy schedule, all the transits, thus doing away with the need for having multiple open policies. The insured would issue certificates of insurance where needed and submit a monthly consolidated figure of each type of transit.

Music Concerts Insurance : This Insurance covers the total abandonment of music concerts due to specified perils like Fire, lightning, explosion, earthquake, rain, flood, storm, riot, strike, malicious damage and terrorist act. The Policy covers the actual financial loss to the organizers i.e., the insured. It is a condition under the Policy that the music should not have been played even for a fraction of a minute. That is to say, the total abandonment of music concert is covered. Change in venue or postponement of the music concert does not constitute a claim. It is prescribed that the tickets issued shall contain a stipulation that once a ticket is sold no refund will be allowed.

Musty Condition : When goods are shipped under excessive moisture contents it is said to be shipped under musty condition.

Mutatis mustandis **: With the necessary changes.**

Mutual Atomic Energy Reinsurance Pool (Atomic Energy Reinsurance Pool) : Refer : "Reinsurance, Atomic Energy Reinsurance Pool (Atomic Energy Reinsurance Pool"

Mutual Insurer : Insurer with no capital stock, owned by Policyholders. Earnings over and above payment of losses and operating expenses and reserves are the property of the Policyholders. There are two types of Mutual Insurance companies. A non-assessable mutual charges a fixed premium and the policyholders cannot be assessed further. Legal reserves and surplus are maintained to provide payment of all claims. Assessable mutual are companies that charge an initial fixed premium and, if that isn't sufficient, might assess policyholders to meet losses in excess of the premiums that have been charged.

Mutual Insurer Policy : Insurance issued by a mutual insurer.

MW : Minimum Weight factor

Mysterious Disappearance : The vanishing of covered property that cannot be explained.

N

Nail to Nail : Term used in transit insurance on paintings to denote that the cover operates from the time the object insured is removed from the wall-fastening for transit until it is fastened to the wall at its specified destination.

Name : An Underwriting member at Lloyd's syndicate comprises of a group of names. A name is elected to Lloyd's if he can show sufficient evidence of wealth and suitability of membership to the committee of Lloyd's. A name takes no part in the affairs of a syndicate but guarantees his fortune to make good losses encountered by the syndicate on behalf of the name.

Name Limit : The maximum amount that a fire insurer is prepared to retain on insurances of a single insured in respect of goods at a particular location such as a warehouse or furniture depository, the balance being reinsurable under a surplus treaty.

Name Position Bond : A type of "Fidelity Guarantee Insurance which covers losses caused by the dishonesty of only those employees holding positions specifically named in the Bond.

Name Schedule Bond : A type of Fidelity Guarantee Insurance which covers losses caused by the dishonesty of only those employees specifically named in the bond.

Named Insured : The person designated in the policy as the insured as opposed to someone who may have an interest in a policy but not be named. Refer : "Insured, named insured."

Named Perils : A formal and specific listing of perils covered in a policy covering property insurance. A policy covering for damage by fire is said to cover for "the named peril" of fire.

Named Perils Policy (Named Peril Contract) : Coverage in a property policy that provides protection against loss from only the perils specifically listed in the Policy rather than protection from physical loss. Examples of named perils are fire, windstorm, theft, smoke, etc.

Named Steamer : Term used when the underwriters of marine open cover stipulate that the cover will operate only provided they are advised of and approve the carrying vessel before each declaration attaches.

National Association of Insurance Commissioners (NAIC) : Association of State Insurance Commissioners whose purpose is to promote uniformity of insurance regulation, monitor insurance solvency and develop model laws for passage by state legislatures.
National Carrier : A flag carried owned or controlled by the Government/State.

National Highways Authority of India (NHAI) : The NHAI was created through the promulgation of the National Highways Authority of India Act, 1988. In February 1995, the Authority was formally made an autonomous body. It is responsible for the development, maintenance, management and operation of National Highways, totaling over 92,851.05 km (57,694.97 mi) in length. The NHAI is also responsible of the toll collection on several highways.

National Insurance Academy (NIA) : NIA was established in 1980 jointly by the Ministry of Finance - Government of India, Life Insurance Corporation of India, General Insurance Corporation of India, The New India Assurance Company, National Insurance Company, United India Insurance Company and The Oriental Insurance Company on 16th December, 1980 in Mumbai to be the institute of excellence in learning and research in Insurance, Pension and allied areas. The Academy was shifted to Pune on 4th June, 1990 with the state-of-the-art facilities for learning and research. Initial years of NIA were dedicated to Management Development Programmes catering to the insurance industry professionals to enhance the management skills and domain expertise. Later, the two year Post Graduate Diploma in Management course was initiated to fulfill the growing demand of skilled professionals in Insurance and Risk Management. National Insurance Academy (NIA) is a premier institution devoted to equip the insurance industry with the best of talents. Its close association with the Insurance industry provides the 'real life' reference to its training, education, research and consultancy activities.

National Safety Council : Organization providing safety information, published safety material including the accident prevention manual for industrial operations.

Natural Death : Any death that is not accidental.

Natural Justice : Consideration to be observed by anyone adjudicating on the rights of others, such as acting fairly, in good faith and without bias, and giving each party the right to state his case.

Natural Premium : A one year term Policy's premium. It is an amount of premium that pays only for the current year's Insurance and does not build up a reserve.

Natural Rubber Clauses : Based on Institute Commodity trades clauses (B) with many of the clauses Identical. The rubber clauses provide a wider cover than the commodity trades (B) in that they cover all water damage also from any source including ship's sweat and condensation. Loss or damage caused by hooks, spellings or leakage of any substance or liquid, other cargo, or moisture from wet or damp dunnage are also covered. There is cover also for theft, pilferage and non-delivery.

Natural Rubber clauses : Refer : "Marine Insurance" .

Navigation Clause : A clause in a Marine Hull policy excluding certain risks such as paid towage or salve work or being towed except where customary or, to a limited extent, when in need of assistance.

Navigation Risks : The risks incidental to a vessel navigating or at sea, as opposed to those arising while the vessel is in port or laid up.

Navigation Warranty : A warranty in a hull Policy restricting the vessel's operational area. Breach of warranty, is normally, held covered subject to payment of additional premium.

Needs Approach : Determining the amount of the income/loss to be replaced by stating the minimum needs of the survivors. Unlike the earning power loss approach, the needs approach assumes some reduction in the survivors standard of living.

n.e.m. : Not elsewhere mentioned (English)

n.e.s. : Not elsewhere specified.

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N.M.F.C. : National Motor Freight Classification

Negligence : A tort, the failure to do something which a "reasonable person" would do under the circumstances, or doing something a "reasonable person" would not do. The elements of this tort include : A legal duty to use reasonable care under the circumstances, a breach of this duty, a direct causal link between the breach and the plaintiffs harm and resulting harm to the plaintiff.

Negligence Clause : A clause in a Marine Hull Policy which covers numerous perils, among them negligence of the master, officers or crew. It imposes an excess in some circumstances and makes a proviso that damage, to be covered, must not result from want of due diligence by the insured, the owners or the managers of the vessel.

Negligence, Concept Of : When an individual fails to act as a reasonable and prudent person would have acted under similar circumstances, that individual may be held to have been negligent. The decision as to whether an at fault party was negligent is generally determined by a court of law. The penalty for negligence is money damages. An at-fault party can be held liable for negligence only if the injured party can prove all the following elements of negligence : (i) The at-fault party owed a legal duty to the plaintiff to use due care, (ii) The at-fault party breached the legal duty owed to the injured party (iii) The injured party suffered actual damage and (iv) There was a proximate or close casual connection between the at-fault party's negligent act and the resulting damage to the injured party.

Negligence, Degrees and Defenses available to the Defendant : Inevitable accident : An inevitable accident is an accident which occurs in spite of the exercise of ordinary care, caution and skill. The defendant has to prove that the accident could not have been avoided.

Negligence, Degrees and Defenses available to the Defendant : Limitation : An action can be time- barred under the provisions of the Statute of Limitation.

Negligence, Degrees and Defenses available to the Defendant : Simple : The at-fault party was negligent but there was no apparent intent to cause injury or damage to the other party.

Negligence, Degrees and Defenses available to the Defendant : Vis Major or Act of Good : This has been defined as an event due to "natural causes Directly and exclusively without human intervention. "Examples of acts of God are storm, earthquake, lightning, etc.

Negligence, Degrees and Defenses available to the Defendant : Violent Non fit Injuria : (To him who is willing there can be no injury) : If a person voluntarily consents to run a risk, he has no right of action against anyone for injuries suffered as result of his actions.

Negligence, Degrees and Defenses available to the Defendant : Willful and Wanton : The at-fault party failed to heed a warning and caused an injury or damage.

Negligence, Degrees and Defenses available to the Defendant : Absolute Negligence : Under this concept of negligence, one party is held to be negligent regardless of the acts of the inured party. An example is an employer who is held to be absolutely negligent under Employees Compensation Act if an employee is injured by an act "arising out of and in the course of employment."

Negligence, Degrees and Defenses available to the Defendant : Accord and Satisfaction: If a claim has been settled by agreement and a binding discharge obtained, it cannot be reopened. Similarly, the law does not allow successive

actions. If damages are awarded for bodily injury/ies on the basis of medical evidence, a fresh action cannot be brought on the basis of subsequent medical opinion establishing that injuries were more serious than originally agreed.

Negligence, Degrees and Defenses available to the Defendant : Comparative Negligence : Doctrine in the law of negligence whereby the negligence of the parties are compared, commonly on a percentage basis. Recovery is therefore permitted, even though contributory negligence is attributed to the plaintiff.

Negligence, Degrees and Defenses available to the Defendant : Comparative : Two individuals are involved in an act that caused injury or damage. The situation is reviewed to determine the percent of damage caused by the actions of each party. For example, if the injured party was 30 percent at fault the other party would be responsible for only 70 percent of the damages.

Negligence, Degrees and Defenses available to the Defendant : Contracting Out : Persons may relieve themselves or restrict their liability by incorporating conditions is the agreements entered into with other parties. So long as the conditions are not contrary to common law they can be raised as a defence.

Negligence, Degrees and Defenses available to the Defendant : Contributory Negligence : If the plaintiff suffers injury or damages partly due to his own fault and aptly due to the fault of the defendant, the damages are reduced according to the blame attaching to the plaintiff.

Negligence, Degrees and Defenses available to the Defendant : Emergency : If a person in a moment of imminent danger acts in a way which causes injury to another, he will not be held liable in negligence if his act was not unreasonable in the difficult situation in which he was placed.

Negotiable instrument : A written paper that may be transferred to another freely in the course of business.

Neighbor Principle of Lord Atkin's : A general duty of care is owed to all legal neighbors', those so closely and directly affected by an act or omission that they ought reasonably to be in contemplation at the time that the tort is committed.

Neon Sign Insurance : Insurance Policy to provide indemnity for loss or damage to the Neon Singh installation or any part thereof by accidental external means, by Fire, lightning, external explosion or theft. The Policy may also be extended to cover Act of God perils as also liability to third parties. However, losses due to fusing or burning out of any bulbs and/or tubes from short circuiting, repair, cleaning, removal or erection, wear and tear, depreciation or deterioration, damages to tubes unless the glass is fractured, atmospheric conditions, consequential loss, natural risks etc are not covered.

Nested : Three or more different sizes of an articles are placed within each other so that each article will not project above the next lower article by more than 33-1/3% of its height.

Nested Solid : Three or more different sizes of an articles are placed within each other so that each article will not project above the next lower article by more than ¼ inch.

Net Absolute (ly) : (1) Term used in Marine insurance to emphasize that all discounts, without exception, have been taken off a premium (02) Term used in Facultative Aviation Reinsurance when no reinsurance commission is allowable.

Net Amount at risk : The difference between the face amount of the Insurance and the reserve.

Net Claims : Claims after recoveries from Reinsurers (of gross claims incurred).

Net Direct Premium : Gross premium after returns for policies cancelled or not taken.

Net Earned Premium : The premiums received or due to an insurer less the cost of reinsurance and after adjustment to allow for the cost of any unexpired risk.

Net Earnings : Revenue from operating sources, after deduction of the operating expenses, maintenance, uncollectable revenues, and taxes applicable to operating properties or revenues, but before deduction of financial charges and generally before deduction of financial charges and generally before deduction of provision for depreciation and retirement.

Net Income : In general, synonymous with net earnings, but considered a broader and better term. The balance remaining after deducting from the gross income all operating properties, exception interest or other financial charges on borrowed or other capital.

Net Interest Earned : The average interest earned by an insurer on its investments after investment expenses but before income tax.

Net Investment Income : This item represents investment income earned during the year less investment expenses and depreciation on real estate. Investment expenses are the expenses related to generating investment income and capital gains but exclude income taxes.

Net Lease : A lease where, in addition to the rental stipulated, the lease assumes payment of all property charges such as taxes, Insurance and maintenance.

Net Leverage : The sum of a company's net premium written to policyholder surplus and net liabilities to policyholder surplus. This ratio measures the combination o a company's net exposure to pricing errors in its current book of business and errors of estimation in it net liabilities after **Reinsurance,** in relation to policyholder surplus.

Net Liabilities to Policyholder Surplus : Net liabilities expressed as a ratio to policyholders surplus. Net liabilities equal total liabilities less conditional reserves, plus encumbrances on real estate, less the smaller of receivables from or payable to affiliates. This ratio measures company's exposures to errors of estimation in its loss reserves and all other liabilities. Loss reserve leverage is generally the key component of net liability leverage. The higher the loss reserve leverage the more critical a company's solvency depends upon maintaining reserve adequacy.

Net Line : The amount liability of Company is prepared to expose to loss for its own account.

Net Loss : The amount of loss sustained by an insurer after giving effect to all applicable **Reinsurance,** salvage and subrogation recoveries.

Net premium : Total written premium or earned premium less provision for ceded reinsurance premium and, on occasion, certain expenses such as commissions. Pure premium (01) The value of losses and in some cases LAE or ALAE per unit of exposure. (02) The portion of premium that is required to cover losses with or without LAE or ALAE.

Net Premium Earned : The adjustment of net premiums written for the increase or decrease of the company's liability for unearned premiums during the year. When an insurance company's business increased from year to year, the earned premiums will usually be less than the written premiums. With the increased volume, the premiums are considered fully paid at the inception of the policy so that, at the end of a calendar period the company must set up premium representing the unexpired terms of the policies. On a decreasing volume, the reverse is true.

Net Premium Written : Represents gross premium written, direct and reinsurance assumed, less reinsurance ceded.

Net Premium Written to Policyholder Surplus (IRIS) : This ratio measures a company's net retained premiums written after reinsurance assumed and ceded, in relation to its surplus. This ratio measures the company's exposures to pricing errors in its current book of business.

Net Profit and Net Loss : Net profit is the surplus remaining after charging against gross profit all the expenses, including depreciation and other necessary provisions, properly attributable to the normal activities of the particular business. A net loss is the converse of a net profit.

Net Quick Assets : The difference between allowable current assets and changeable current liabilities. This figure is referred to as the working capital. A contractor must have adequate working capital in order to be bonded.

Net Rate : The amount of the premium before loading for expenses.

Net Retained Brokerage : Brokerage retained by a broker after deduction of allowances to third parties.

Net Retained Line : The amount of coverage retained by the ceding company on an individual risk in a Surplus reinsurance treaty. This term can also be used to mean the maximum amount of loss on a particular risk to which an insurer will expose itself without reinsurance.

Net Retention : The final amount of insurance retained by the Company after reinsuring such amounts as it did not wish to retain.

Net Terms : Free of charters' commission

Net Underwriting Income : Net premiums earned less incurred losses, loss-adjustment expenses, underwriting expenses incurred, and dividends to policyholders.

Net Weight : (Actual Net Weight) : Weight of goods alone without any immediate wrappings; e.g., the weight of the contents of a tin can without the weight of the can.

Net Worth : The amount by which assets exceed liabilities. It is of concern to bond indemnifiers in determining the size of a job contractor can handle.

Net Written Premiums : The premiums received or due to an insurer less the cost of reinsurance but without allowance being made for the cost of any unexpired risk.

Net Yield : The yield on an investment after deduction of tax payable on the interest or dividend, or of the expenses of management in the case of property.

New Business : New insurances as opposed to renewal of existing insurances.

New for Old : A basis for property insurance on e.g., household contents when the insurer agrees to pay the replacement cost of property lost or destroyed, without a deduction for depreciation. (02) Sec.69 of MIA 1963 allows insurers to deduct a reasonable amount from any claim for cost of repairs (usually terms thirds) to allow for betterment enjoyed by the assured. However, NEW FOR OLD clause states "Claims payable without deduction new for old." Thus, Hull insurers waive their right to such deductions from claims. However, Average adjusters are not permitted to waive the deductions where a ship is older than 15 years of age.

News Paper Policy : An insurance of limited health insurance often sold by newspapers to build or conserve circulation.

Nil Claim : A claim that results in no payment by the insurer, e.g., because the claim is found not be valid, or because the amount of the loss turns out to be no greater than the excess, or because the policyholder has reported a claim in order to comply with the conditions of the policy but has elected to meet the cost in order to preserve and entitlement to no claim discount.

No Benefit to Bailee : A provision in an Inland Marine insurance form which states that any insurance a person has on property in the possession of a bailee will not be for the benefit of the bailee. Example, if a suit is lost or destroyed at the cleaners, the cleaner cannot deny coverage on the basis that other insurance exists.

No Claim Bonus(No Claim Discount) : A form of experience rating in which policyholders are allowed a discount from the basic premium according to a scale that depends upon the number of years since the last previous claim. In practice, the systems often do not claims where the policyholder was not at fault ("allowed claims") and will usually still provide some discount if a claim is made after a previously long claim free period. It is used most often in Motor Insurance and occasionally in other classes such as Householders, Personal Accident, Health, Shopkeepers, Office Umbrella etc.

No Claim for Accident Reported : Where a marine insurance is accepted after the risk has attached and an accident to the vessel has already been reported the insurer may stipulate that there shall be no claim under the policy for it.

No Claims Return : A return on premium on a marine insurance policy on which no claim has been made.

No Cure – No Pay : Where in a marine venture, property is salved, the salvor becomes entitled to a salvage award based on the value saved. If nothing is saved there is no reward.

No Fault Liability : Compulsory Public Liability Insurance : Section 3 of the Public Liability Insurance Act, 1991 imposes a no-fault liability on the person who owns or has control over handling any hazardous substance to give relief where death or injury (including permanent total or permanent partial disability or sickness) to any person (other than a workman within the meaning of the Workmen's Compensation Act 1923) as amended or damage to any property, has resulted from an accident. No fault liability means that the claimant is not required to prove that the death, injury or damage was due to any wrongful act, neglect or default of any person.

No-Fault : No fault means that the claimant is not required to prove that the death, injury or damage was due to any wrongful act, neglect or default of any person.

No-Fault Insurance : A form of first party insurance written in conjunction with a no-fault law. Under a no fault law, the person causing injury is granted immunity from tort action and the person causing injury is granted immunity from tort action and the person injured must collect for his loss from his own insurer.

No Fault Liability, Motor Vehicles Act 1988, India : Sec 140 of Motor Vehicles Act, 1988 deals with the liability without fault. The claimant involved in a motor vehicle accident is not required to prove wrongful act, neglect, or default on the part of the owner of the vehicle or by any other person.

The claim under these provisions is neither defeated or affected in any way, by any wrongful act, neglect or default on the part of the claimant; nor can be of the claimant's share of responsibility for the accident. In other words, the legal defense of 'contributory negligence' is not available to the motorist and his insurer.

These provisions apply in cases where the claimant suffers death or permanent disablement, as defined in the Act. The amounts of compensation are fixed as follows:

- Death, Rs, 50,000
- Permanent Disablement Rs. 25,000

The object behind no-fault principle is to give minimum statutory relief expeditiously to the victim of the road accident or his legal representative. To that extent, these provisions constitute a measure of social justice.

The right to claim compensation U/S 140 in respect of death of permanent disablement of any person shall be in addition to any other right to claim compensation in respect thereof under any other provision of this Act or of any other law for the time being in force. Thus the claims for death or permanent disablement can also be pursued under other provisions of the Act on the basis of negligence. The motorist i.e. the owner of the vehicle or driver of the vehicle is liable to pay compensation on the basis of 'no fault' as well as on the basis of 'fault' or negligence he has to pay first the compensation on 'no fault' basis i.e. Rs. 550,000 or Rs. 25,000 as the case may be, for death or permanent disablement.

If such compensation paid is less than the compensation awarded on the principle of 'fault' or negligence, the motorist is liable to pay the balance. For example, if Rs. 30,000/- is awarded for permanent disablement on the basis of negligence, the claimant is entitled to receive only Rs. 5,000 being the excess over the no-fault compensation settled first. In any claim for compensation under this Section, the claimant shall NOT be required to plead or establish that the death or permanent disablement in respect of which the claim has been made, was due to any wrongful act or neglect or default of the owner/s of the vehicle/s concerned or any other person. Sec. 143 of the Act will also apply in relation to any claim for compensation in respect of death or permanent disablement of any person under the Workmen's Compensation Act, 1923, resulting from a motor accident. Time limit for depositing compensation under this section is one month.

No Objection Certificate : Document provided by scheduled or national airlines of many countries declaring no objection to a proposed charter flight operated by another airline. Often demanded by government authorities before they grant permission for a charter flight to take place.

No Objection Fee : Sum of money paid by a charter airline normally to a scheduled airline in order that it waives its right of objection to its government, thus, allowing a charter

to take place. Tantamount to a bribe. The amount is usually a fixed percentage of the gross cost of a charter. Common practice in the Middle East and Africa.

No-Fault Threshold : A rupee limit below which one may not bring tort liability action against those responsible for automobile accidents.

Nominal Damages : A small amount of money awarded to a plaintiff to verify his legal rights even though no actual damages have been proven.

Nominal Value : (1) The value stated on the face of a security. (2) A token value.

Nomination : Nomination is a facility where in case of death of the policy holder, the funds are given to the nominee whose name is mentioned by the policyholder while enrolling for the policy. The details of the nominee required are his name, age, address and his relationship with the policyholder. This also helps to ensure that there is insurable interest. The nominee can be changed by the policyholder during the term of the policy. For example when a lady is unmarried, she can nominate her parents or siblings. When she gets married, she may retain the original nomination or may change the nomination favoring her spouse.

Nominee :Nominee is the person who is nominated to receive the amount under a policy and to give a valid discharge to the insurer on settlement of claim under a life insurance policy.

Non Amount Policy : Also called actual cash value Policy. Shows no fixed amount of Insurance on the face of the contract but pays the actual cash value of the claim or loss on the property.

Non Assignable : Incapable of being assigned : Policy benefits or right that cannot be assigned to a third party.

Non Average Policy : A policy free of any condition of average.

Non Concurrency : A condition that exists when two or more policies covering the same property are written subject to different provisions.

Non Confining Sickness : Sickness which prevents the insured from working but does not confine to his home.

Non Continuing Expenses : In business interruption insurance or under the additional living expense coverage of a homeowner's policy, these are expenses of the business or the home that do not continue following a loss.

Non Delivery : The failure of a whole cargo or a whole package to arrive at its destination, con contrast with short delivery.

Non Disabling Injury : One which may require medical care, but does not result in loss of working time or income. An injury that does not cause total or partial disability.

Non Duplication of Benefits, Health : A provision in some health insurance policies specifying that benefit will not be paid for amounts reimbursed by others. In group health insurance this is usually called coordination of benefits.

Non Insurable Risk : A risk that cannot be measured actuarially or in which the chance of loss is so high that insurance cannot be written against it.

Non Insurance : Making no financial preparation for meeting losses.

Non Insurance Transfer : Transfer of a loss exposure t an entity which is not an Insurer. Forms of non-Insurance transfer are indemnity or hold-harmless agreements; being a named insured under another party's Insurance coverage; acquisition/divestiture.

Non Payment Risk : The risk that a debt will not be paid when due.

Non Standard Construction : Used in fire insurance to describe a building any part of which does not conform to the rules for the minimum grade of construction.

Non-Admitted Assets : Assets that do not qualify under law for insurance statement purposes. Examples would be furniture, fixtures, agents' debit balances and accounts receivable which are over ninety days old.

Non-Admitted Company : Insurance Company that has not been licensed to do business in a particular country. In that country it is a "non-admitted Company."

Non-Admitted Insurer : An insurer that has not been licensed to write insurance in a given jurisdiction.

Non-Admitted Reinsurance : Refer, "Reinsurance, Non-Admitted"

Non-Cancellable Policy : An Insurance contract that may not be terminated. A continuous term health insurance policy that guarantees the insured the right to renew for a stated number of years or to a stated age (usually +60) with the premium at renewal guaranteed.

Non-Cash Advice : A preliminary advice to an underwriter about a premium or claim.

Non-Contribution Clause : A clause in a contract of indemnity which seeks to provide that in the event of another insurance covering a claim the insurers with the non-contribution clause shall not be required to contribute to settlement of the claim.

Non-Currency : Two policies issued on the same interest that do not agree in their terms.

Non-Disclosure : Innocent omission by a proposer for insurance to disclose a material fact relating to the risk proposed.

Nonfeasance : A failure to act, e.g., to repair a defective pathway.

Non-Institute Company: A Marine Insurance Company that is not a member of the Institute of London Underwriters.

Non-Marine : General Insurance other than Marine.

Non-occupational Policy : A Policy which does not cover disability resulting from injury or sickness covered by workmen's compensating. Group accident and sickness policies, for instance, are almost always non-occupational.

Non-Owned Aircraft Endorsement : An endorsement to an Aviation policy indemnifying the insured against claims by passengers for which he is responsible when the passengers are being carried in an aircraft that is not the insured's property.

Non-ownership Liability Insurance : Motor liability Insurance against the insured's liability from acts or omissions while driving or being responsible for a motor not owned or hired by the insured.

Non-Proportional Reinsurance : Refer : "Reinsurance, Non-Proportional"

Non-Renewal : Termination of insurance coverage at an expiration date or anniversary date. This action may be taken by an insurer who refuses to renew, or y an insured who rejects a renewal offer.

Non-scheduled Flight : Refer Scheduled flight.

Non-Selection Limit : The amount of benefits under a group health insurance up to which persons will be accepted into member-ship of the group without evidence as to their health.

Non-Standard Auto (High Risk Auto or Substandard Auto) : Insurance for motorists who have poor driving records or have been cancelled or refused insurance. The premium is much higher than standard auto due to the additional risks.

Non-Tariff Barriers (NTB) : Economic, political, administrative or legal impediments to trade other than duties, taxes and import quotas.

Non-Technical Account : The non-technical account is an account made up from the balance on the technical account plus the balance of the investment income and gains not included in the technical account, plus profits on any other activities less tax, dividends and any other charges.

Non-Underwriting Member : A member of Lloyd's who is not empowered to underwrite, e.g., a retired underwriter.

Non-valued Policy : A contract of Insurance in terms of which the Insurance Company agrees to pay the actual cash value of property destroyed within the limits of the Policy.

Non-Vessel Operation Common Carrier (NVICC) : An F.M.C. registered cargo consolidator of small shipments in ocean trade, generally soliciting business and arranging for or performing containerization functions at the port. These carriers issue their own bill of lading referred to as a house bill of lading.

Non-Waiver Agreement : Assent by the insured that investigation and determination of the value of a claim by the Insurer does not constitute an admission that the Insurer agrees to pay the loss or claim. Also known as a "reservation of rights notice."

Noon Clause : A provision in an insurance contract stating that the insurance coverage starts at noon, standard time, at the location of the insured's property. Most property policies have now been changed so that the effective time is 12.01 a.m., thus the noon clause is not often encountered.

Normal Distribution : A mathematical distribution, bell-shaped in nature, in which approximately 68 percent of all observations fall within one standard deviation of the mean, approximately 95 percent fall within two standard deviations of the mean and approximately 99 percent of all observations fall within three standard deviations of the mean.

Normal Loss : Rupee amount of a particular type of loss which an organization typically suffer annually. Unless Insurance is needed for loss control or other reasons and organization typically will plan to retain rather than insure its normal losses budget able business expenses.

North American Warranty : A warranty in a Marine Insurance Policy that the insured vessel will not proceed to certain places in the north at certain times.

Not Taken : Policies applied and issued but rejected by the proposed owner and not paid for.

Not to Inure Clause : A clause in a Marine Cargo insurance policy providing that the insurance shall not inure to the benefits of the carrier or other bailee. In other words the clause reserves the insurer's potential right of recovery from the carrier or bailee.

Not Under Repair : The clause in a Marine Hull Policy governing returns of premium when the vessel is laid up provides for a higher rate of return when the laid up vessel is not under repair.

Notice of Abandonment : Notice given by the insured to the Insurer in Marine insurance when he considers that he has a claim for a constructive total loss and is therefore prepared to abandon the insured vessel or cargo to insurer.

Notice of Cancellation : Written notice by an insurer of intent to cancel insurance, or written notice by an insured requesting cancellation.

Notice of Claim (Notice of Loss) Condition : The insured is required to give immediate notice of any occurrence that may give rise to claim.

Notice to Company : Written notice to an insurer of the occurrence of an event which a claim is to be based.

Notification of a Claim : Non-life insurance policies normally contain a condition requiring immediate notice of an occurrence that may give rise to a claim. In some cases a time limit is specified.

Notional Reinstatement Value Cover : A form of property insurance cover whereby the insured declares the reinstatement value at the outset of the insurance period and estimates an amount to allow for inflation for which an additional premium is payable in arrear, based on an adjustment.

Novation : A method of assigning contracts where a new contract is formed between the old and new parties.

Novus Actus Interveniens : A new and intervening act or omission, or a natural event, which breaks the casual connection between a previous act or omission and damage alleged to have resulted therefrom.

Nuclear Exclusion : An exclusion of loss or damage or consequential loss or liability of any nature directly or indirectly caused by or contributed to by or arising from (a) ionizing radiations or contamination by radioactivity from any nuclear fuel or from any nuclear waste from the combustion of nuclear fuel; (b) the radioactive, toxic, explosive or other hazardous properties of any explosive nuclear assembly or nuclear component thereof.

Nuclear Reactor : An installation for the purpose of generating heat from atomic fission for conversion into energy.

Nuisance : Nuisance means acts or omission which unlawfully interfere with another person's use of enjoyment of land or of some right in connection with it.

Nuisance Private : private nuisance arise out of the use of one's own property in such a way as to cause physical injury to the property of another or interfere with its health or comfort.

Nuisance Public : A person is guilty of a public nuisance who does not act or is guilty of illegal omission, which causes any common injury, danger or annoyance to the public or to the people in general who dwell or occupy property in the vicinity or which must necessarily cause injury, obstruction, danger or annoyance to persons who may have occasions to use any public right.

Numbered Rules : Those of York-Antwerp Rules that are prefixed by a number. They are applied in a priority to the lettered rules.

Numerical Weighting System : A system of rating whereby the acceptability of a proposed insurance is judged and rated on a combination of factors to each of which a numerical weight is assigned.

Nurse Fees : A provision in a mediclaim policy calling for reimbursement for the fees of nurses other than those employed by the hospital.

Nursing Home : A licensed facility which provides general nursing care to those who are chronically ill or unable to take care of necessary daily living needs. May also be referred to as a Long Term Care facility.

O

Obiter Dictum : Any statement in a judgment that is not essential to the principle of law on which the court's judgment is based.

Object : The object of insurance, the name of the vessel insured.

Objective Probability : An estimate of loss frequency based on observing what has happened in the past and assuming the same will happen in the future. Insurers prefer to have objective probability estimates rather than subjective ones.

Objective Risk : The relative variation of actual from probable loss.

Obligatory Reinsurance : Refer : "Reinsurance, Obligatory"

Oblige : A person or firm protected by a bond similar to the insured under a Policy of Insurance.

Obligee : The person in favour of whom some obligation is contracted, whether such obligation be to pay money, or to do, or not do something, the party to whom a bond is given.

Obligor : The person who has engaged to perform some obligation, one who makes a bond; the bonding company.

Obsolescence : Impairment of desirability and usefulness brought about by changes in public preference or by forces in addition to those which cause deterioration.

Occupancy : The type and character of the use of property. It plays a very important part in computing rates in determining the acceptance or rejection of risks.

Occupancy Permit : An endorsement on an Insurance Policy permitting occupancy which might otherwise suspend the contract or make it invalid.

Occupational Accident : An accident occurring in the course of one's employment and cause by inherent or related hazards.

Occupational Classification : A group of occupations for the purpose of rating, e.g., Personal Accident insurances.

Occupational Disease : An injury arising out of employment and due to causes and characteristics of, and peculiar to, the particular trade, occupation, process or employment, and excluding all ordinary diseases to which the general public is exposed. Examples include psittacosis, mercury poisoning, dust collection in the lungs, and the like.

Occupational Extra : Additional premium imposed on an insured because his occupation is thought to render his insurance more hazardous.

Occupational Hazards : Occupations which expose the insured to greater than normal physical danger by the very nature of the work, in which the insured is engaged, and the varying period of absence from the occupation, due to the disability, that can be expected.

Occupational Manual : A book listing occupational classification for various types of work.

Occurrence : In Insurance contract language, continued or repeated exposure to conditions which unexpectedly results in injury during the period an Insurance Policy is in effect; in contrast to sudden injury or damage from an accident which takes place at a specific time and location. In some lines of business, such as liability an occurrence is distinguished from accident in that the loss doesn't have to be sudden and fortuitous and can result from continuous or repeated exposure which results in bodily injury or property damage neither expected not intended by the insured.

Occurrence Coverage (Basis) : A policy form providing liability coverage only for injury or damage that occurs during the policy period, regardless of which the claim is actually made. For example, a claim made in the current policy year could be charged against a prior policy period, or may not be covered, if it arises from an occurrence prior to the effective date.

Occurrence Form : A liability insurance policy under which coverage applies to injuries or damage sustained during the policy period, regardless of when the claim is made.

Occurrence Policy : In Liability insurance, a policy that pays for events that occur during its policy term, regardless of which a claim is filed. That is, an expired occurrence policy will pay a valid claim even if the claim is made years late, provided that the event occurred while the policy was in effect.

Ocean Bill of Lading :A receipt for cargo in transit, and a contract between the exporter and an ocean carrier for transportation and delivery of goods to a species party at a specified foreign destination. Issued after the vessel has sailed and the cargo has been entered in the ship's manifest.

Ocean Marine Exposure : Exposure to loss while in transit on water (not necessarily an ocean) of property being transported or of the transport vessel.

Ocean Marine Insurance : Coverage on all types of vessels, including liabilities connected with them, and on their cargoes; the cargo coverage has been expanded to protect the owners from warehouse to warehouse inclusive of intermediate transit by rail, truck or otherwise.

Odd Time : A period added to a calendar year for the purpose of making the renewal date of an insurance the date required by the insured.

Odds : The probable frequency of incidence of a given occurrence in a statistical sample. It is expressed as a ratio to the probable number of non-occurrences or as a decimal fraction of the total occurrences. For example, a probability of .25 equals odds to three to one against. A probability of .75 equals odd to three tone for.

Off Premises : A clause in a property insurance extending coverage away from the premises described in the policy. The amount of coverage away from the premises is usually restricted to a percentage of the total coverage on the premises, e.g., 10%.

Off Premises : A clause used to provide Insurance protection on personal property covered while it is away from the premises.

Off Risk : An insurer is said to be off risk when an insurance has been terminated.

Off Slip : A Signing slip, copies from an original slip, used to sign risks off open covers, open slips and treaty reinsurance contracts.

Off Slip : A slip used for the noting of further items arising out of the original slip.

Offer : The communication of the contract terms by one party to another.

Offer and Acceptance : An element of the Insurance contract. Refer : "Insurance Contract, Essential Elements."

Offeree : On to whom an offer is made

Offeror : One who makes an offer.

Office Burglary and Robbery Policy : A special policy designed for offices. It usually consists of several crime coverage on office equipment and supplies which are purchased as a package. There is relatively low limit for each coverage and very little flexibility in that the policyholder must buy the complete package.

Office Protection Shield (Chartered Accountants, Financial Consultants, Architects, Engineers, Valuers, Advocates, Consultants etc. : Similar to Office Protection Shield (General Office) (Office Umbrella Policy) with additional coverage of Professional Indemnity.

Office Protection Shield (General Office) (Office Umbrella Policy) : Policy covers (i) building including landlord's fixtures, fittings, boundary wall and fences against fire and allied perils including earthquake and Storm, Tempest, Flood, Inundation etc perils. (IIA) Office contents against perils as per section I including burglary, robbery and dacoity. (IIB) Tenants liability – liability as a tenant for damage to office premises including fixtures and fittings aginst perils as per IIA. (III) Money whilst in transit, on the premises during office hours and in safe after office hours against any accident and/or misfortune (IV) Fixed Glass and sanitary fittings including damage to frames against accidental breakage (V) Fidelity Guarantee of any salaried person employed by insured against pecuniary loss caused by fraud and/or dishonest act (VIA) Electronic equipment and data carrying material against unforeseen sudden physical loss or damage due to any cause other than those specifically excluded (VIB) Cost of re-instatement of data and programme as per Sec. VIA. (VIC) Portable commuter whilst being carried anywhere in the world against perils as per VIA. (VII) Additional expenses of rent for alternate accommodation if premises occupied is damaged and declared unfit for occupation against perils as per Sec. IIA. (VIII) Personal accident insurance for elf and employees against death, permanent total or partial disablement and temporary total disablement due to accident. (IX) Breakdown of Office appliance and electrical and mechanical gadgets (X) Loss or damage to baggage belonging to self or employees whilst on journey anywhere in the world against accident or misfortune (XI) Public Liability and Workmen's compensation. (XII) Mediclaim – expenses incurred during hospitalization in any hospital as per Health Insurance Policy. Policy provides for discounts if more than minimum number of sections are covered. Renewal Claim Free discount is also offered.

Office Visit, Health: Services provided in the physician's office.

Officers and Directors Liability Insurance : A type of insurance which protects the Officers and Directors of a Company against damages resulting from negligent or wrongful acts which may harm the company or its stockholders.

Off-Line : Describes an airline that sells in a market to which it does not operate. An Off-Line carrier will use another operator to link with its network.

Off-Shore Oil / Gas Units Policy : Specialized insurance policies are designed to cover units which are employed in connection with either exploration or for commercial

production of oil / gas. The comprehensive policy covers drilling and production platforms, operations at site and also the transport of plant and equipment to the drilling sites.

Oil and Energy Risk Insurance (Off-Shore) Insurance : Insurance is granted for:

- Mobile off-shore drilling units (drill ship and rigs).
- Off-shore platform for production and processing.
- Associated pipelines, cables, etc.
-

These policies are issued in Marine Hull Department and are granted to Oil and Natural Gas Corporation which is engaged in oil and gas exploration and production at sea.

The Policy shall cover : Insurance of aircraft against loss or damage.

- Insurance of legal liability to third parties and passengers.
- Insurance of legal liability for freight, mail, etc. carried.
- Insurance of pilots, crew and ground staff against personal accident risk.
- Insurance of pilots and other crew against loss of professional licence.

Oil and Gas Wells Insurance: Exploration is the process of trying to find accumulations of oil and natural gas trapped under the earth's surface, whereas production is the process of recovering those hidden resources for processing, selling and use. The wellbore is commonly known as an oil-well or a gas-well depending on its oil or a gas reservoir which is to be reached. Onshore well is drilled on the land and if it drilled through sea-bed it is known as an offshore well. The relevant insurance policy is "Energy Package Policy." The Policy shall cover :

Section 1 : Property damage – widely used wordings : oil and gas wells drilling tools floater form to cover loss of or damage to the equipment of the operator or in the care custody and control of the operator. Equipment above ground are covered on an all-risk basis and equipment below-ground are covered on a named peril basis. The section does not cover wear and tear, mechanical/electrical breakdown, failure, inherent vice, latent defect, gradual deterioration, corrosion, rust, dampness of atmosphere, freezing or temperature extremes, dishonest act on the part of the assured/assureds, lack of due diligence, unexplained loss, mysterious disappearance, drill stem left in the well through which a well is completed or for which the assured has assumed liability, property in storage, costs for firefighting or attempting to control blowout or crater.

Section 2 : Cover broadly provided for bringing a well under control that goes out of control. Covers of fire-fighting too. Also, covers cost of re-drilling/extra expenses, costs of removal, containment, diversion or prevention of contaminated substances emanating from the well, covers costs which insured is liable to pay for losses to third parties, costs to defend any claim. Exclude deliberate or which results fro violation of any governmental rule, regulation or law applicable thereto.

Section 3 : Third party liability – physical loss/damage to third party property and/or death, injury or illness of any third party.

Ombudsman : An authority established either by the company or the Government for the quick redressal of grievances. In India the Institution of Insurance Ombudsman was created by the Government of India vide notification dated 11th November 1`998 with the purpose of quick disposal of the grievances of the insured customers and to mitigate their problems involved in redressal of those grievances. Office of Insurance Ombudsman was formed to give a careful listening to the aggrieved insured

persons/their beneficiaries who could not get their complaints redressed by insurers so that these aggrieved customers have the opportunity to get in touch with the Ombudsman relevant to their states. Insurance Ombudsman has powers to perform conciliation and award making. Their powers are restricted to insurance contracts of value not exceeding Rs. 20 lacs. The complaints must be by an individual on a "Personal Lines" Insurance (or if deceased, the legal heir(s) under such policy) can approach the Ombudsman. Insurance on personal lines means a policy taken or given in an individual capacity e.g., life insurance, personal accident insurance, mediclaim insurance and insurance of personal property of the individual such as motor vehicle, household articles, etc. Firms and Organizations cannot go the Ombudsman.

Omission to insure additions, alterations or extensions clause (to be incorporated at the time of issuing the policy), An Add on peril under Standard Fire and Special Perils Policy (Material Damage) : On payment of additional premium the insurance extends to cover buildings and/or machinery, plant and other contents which the insured may erect or acquire or for which they may become responsible (a) at the described premises (b) for use as factories. Subject to that the liability under this extension shall not exceed 5% of the sum insured by each item . Subject to insured shall notify the insurer of each additional insurance as soon as it shall come to their knowledge and shall pay the appropriate additional premium from the date of inception. Following the advice of any additional insurance as above cover by this extension shall be fully reinstated. If the insured fails to declare the values of such additions within 30 days of the expiry of the policy, there shall be no refund of the advance premium collected.

Omitted Cause : A cause of loss not mentioned in an Insurance contract..

Omnibus Clause : A clause found in motor vehicle liability Policy which extends the coverage to others who are using the car within the limits of the Policy.

Omnibus Insurance : Insurance of the principal risks involved in a construction contract that is effected by the owner on behalf of himself and the various other parties concerned, thus, avoiding subsequent disputes as to whose liability any given occurrence gives rise to.

Omnibus Risk : A building containing a number of tenants engaged in various trades and businesses.

On cost : Overhead Expenses.

On Gross : Term used to describe the Marine insurance premium to which a discount is to be applied, the gross premium before any deductions.

On Line Channel of Insurance Distribution / Marketing Due to increasing internet penetration as well as the changing buying behavior of the consumers the online world has become an attractive medium for the insurers to distribute and advertise their products. This channel also referred as "e-distribution channel" offers tremendous geographical reach at a much lesser cost. The insurance companies have also developed appropriate processes to support their customers in completing the closure of the buying process by a dedicated team through various interventions including telephonic / e-mail clarifications of doubts and to support the customer in completing the process.

On Net : Term used to describe the Marine Insurance premium to which a discount is to be applied – the gross premium less any previous deductions.

On Risk : The insurer is said to be on risk once an insurance attaches.

On the Ground, Aviation : An aviation term. On the ground shall be deemed to include all periods during which the aircraft is not in flight, taxying or moored.

One Disaster or Casualty Clause, Reinsurance : Refer : "Reinsurance, One Disaster or Casualty Clause".

One Outlet Rule : Refer :"Lloyd's One Outlet Rule".

One Source Rule : Refer : "Lloyd's One Source Rule".

One Year Accounting : A basis of accounting which presents, at the end of each year of account, the estimated technical account for business exposed during the year.

Onus of Proof : The obligation on a party to a contract of proving a certain allegation in connection with that contract and relied upon by the party on whom the burden of proving it rests.

Open Account : A huge-risk trade agreement in which goods are shipped to a foreign buyer without guarantee of payment.

Open Claims : Known claims in the process of review or adjustment or on which further premiums are anticipated by the insurer.

Open Cover, Marine : Issued to provide automatic and continuous Insurance protection to a regular exporter / importer engaged in international trade. It is not a Policy and is therefore not stamped. It is an agreement, building in honors whereby the Insurer undertakes to insure all shipments declared by the insured and which come within the scope of the open cove. Once arranged, the insured is guaranteed protection on the agreed basis for all shipments falling within its provision, subject to declaration of full shipping details of each shipment.

Open Driving Policy : A motor insurance policy with no restriction on why may drive provided the driver is not disqualified from holding and effective and valid driving licence.

Open Form : A continuous policy written on a reporting basis.

Open Perils : A term used to describe a broad form of property insurance in which coverage applies to loss arising from any fortuitous cause other than those perils or causes specifically excluded. This is in contrast to other policies that name the peril or perils insured against.

Open Policy : (1) Marine : It is a type of floating cover. it is issued, duly stamped, for an amount representing the insured's estimated annual turnover in respect of a with the result that the sum insured will gradually diminish by the amount of each declaration until the total sum insured under the open Policy is finally exhausted. An open Policy is commonly issued for Insurance of goods despatched within the country by rail/road/air/freight/registered post parcels, etc. The open Policy ceases on expiry of one year from the date of its issue, or exhaustion of the total sum insured, prior to the expiry of the open Policy period of 12 months, whichever first occurs. However, if the sum insured is likely to be exhausted prior to the expiry of the open Policy period it may be increased by issuing an extra endorsement and charging appropriate additional premium. (2) A Policy on which the sum insured has not yet been exhausted by declarations. (3) Formerly, an unvalued policy.

Open Slip : A form of slip used to cover a merchant contractor with a large contract to fulfill by several shipments, the total value of which is known in advance. Each shipment is declared and policies issued until the insured value is exhausted.

Open Stock : goods in show windows, on display or on shelves.

Open Stock Burglary Policy : Contractual Insurance coverage against loss caused by burglary of merchandise on shelves, on display or in show window.

Open Year : An underwriting year which is not closed under the system of fund accounting. Typically no contribution to profit is removed from an open year, but any identified deficiency is offset by the use of external funds.

Opening the Warranty : In Marine insurance some exclusions begin with the words "Warranted free of……". Such a warranty is said to be opened when the insurers modify the extent of the exclusion.

Operating Cash Flow : Measures the funds generated from insurance operations which includes the change in cash and invested assets attributed to underwriting activities, net investment income and federal income taxes. This measure excludes stockholder dividends, capital contributions, unrealized capital gains/losses and various non-insurance related transactions which affiliates. This test measures a company's ability to meet current obligations through the internal generation of funds from insurance operations. Negative balances might indicate unprofitable underwriting results or low yielding assets.

Operating Plan : The insurer's intended course of action in conducting his business.

Operating Ratio : (IRIS) : Combined ratio less the net investment income ratio (net investment income to net premiums earned). The operating ratio measures a company's overall operational profitability from underwriting and investment activities. This ratio doesn't reflect other operating income/expenses, capital gains or income taxes. An operating ratio of more than 100 indicates a company is unable to generate profits from its underwriting and investment activities.

Operations : The activities of the insured and his employees in the conduct of a business.

Operative Clause : The clause in an Insurance Policy that sets out the circumstances in which the Insurers are prepared to make claim payments.

Opportunity Cost : The cost of an action in terms of the alternatives foregone in carrying out that action.

Optional Benefits : Refer "Elective Benefits".

Optionally Renewable : A contract of health insurance in which the insurer reserves the right to terminate the coverage at any anniversary or, in some cases, at any premium due-date, but does not have the right to terminate coverage between such dates.

Or as Original : Refer : "Reinsurance, Or as Original".

Order : (1) A request for insurance received by an insurer. (2) A friendly society with branches.

Ordinary Bond : A Customs and Excuse Bond covering a single transactions, as opposed to a general bond.

Ordinary Construction : A building in which the supporting walls are brick and the floors are wood joints, the inferior finish usually conceals space i which Fire can spread and with little protection of stair shafts.

Ordinary Freight : The reward paid to a ship owner for the carriage of goods in his ship to the port of delivery.

Ordinary Payroll (Exclusion Endorsement) : Endorsement to business interruption coverage eliminating Insurance for the entire (or some portion of payroll expense for all the employees of an insured except officers, executives, department managers employees under contract, and other important employees. Coverage for any continuing ordinary payroll expense usually can be purchased for an additional premium.

Ordinary Share : A share in the capital of a company which gives the holder a right to share in the distribution of its profits and in the residue of the company's assets after it has paid its creditors and preference shareholders whatever is due to them.

Original Conditions : Refer : "Reinsurance, Original Conditions".

Original Cost : The actual payment for a property by its present owner or the actual cost at the time the building was first constructed and placed into service.

Original Cover :The original slip used for placing an open cover.

Original Deductions / Discounts : The deductions or discounts allowed by a ceding insurer on a policy which is the subject of reinsurance.

Original Equipment Manufacturers (OEM accounts) : Customers who incorporate the exporter's product into their own merchandise for resale under their own brand names.

Original Gross Premium Income (OGPI), Reinsurance : Refer : "Original Gross Premium Income, Reinsurance."

Original Insured : The insured under a policy which becomes the subject of reinsurance.

Original Insurer : The underwriter who writes the original risk that is the subject matter of the Reinsurance contract.

Original Policy : The Policy setting out the conditions of the Insurance written by the original insured.

Original Slip : The slip by the broker in negotiating an Insurance or Reinsurance contract. The contract is concluded on the original slip.

Original Terms : "Refer "Reinsurance, Original Terms".

Orphan Claims, Motor, TP : Third party claims where no policy details are available. Sometimes, Claims Tribunals serve notice only on the Insurance Company and no claim petition is received, then such cases are registered as Orphan Claims and a separate list is kept of such claims. Efforts are made by insurers to trace the policy details through Investigator, panel advocate and petitioners etc. If details received suitable adjustments made in claims register. There may be instances that there is no insurance at all for the vehicle causing accident and the insurance company is made respondent just for the sake of getting the case admitted in a Claims Tribunal. If policy details remain unknown even after investigation the claim would remain as

an orphan claim and outstanding provision will be made, 1/3rd of the provision are added to the figure of outstanding provision of motor claims.

Orphan Policy : It is a lapsed policy with premium due even after six months of first unpaid premium. IRDAI issued duly issued appropriate guidelines for servicing of orphan policies.

Orphan Policyholders : Insurance agents are required to give proper post-sales services to policyholders. However, in the event of death, termination or cancellation of licenses of agents, the policyholders attached with the agent suffer in terms of post-sales service. Such clients, whose insurance agents are no longer available for servicing the policies so issued are often termed as "Orphan Policyholders". IRDAI issued duly issued appropriate guidelines for servicing of orphan policy holders.

Ostensible Authority : The apparent power of an agent to bind his principal, whether or not he has been granted that power.

Other Income / Expenses : This term represents miscellaneous sources of operating income or expenses that principally relate to premium finance income or charges for uncollectible premium and reinsurance business.

Other Insurance Clause : States the way a loss will be shared when more than one property or liability policy covers the exposure.

Other Structures : Structures, such as a garage or storage shed, which are separated from an insured dwelling by a clear space, or are connected only by a fence or utility line. Dwelling and Householders policies provide coverage for other structures.

Out of Area, Health : Treatment given to a member outside of the normal area.

Out of Pocket Costs, Health : The amounts the covered person must pay out of his own pocket. This includes such things as co-insurance, deductibles etc.

Out of Pocket Limit, Health : The maximum co-insurance an individual will be required to pay, after which the insurer will pay 100% of covered expenses up the policy limit.

Out Patient, Health : A patient who does not reside in a hospital in which he has received treatment.

Outage Insurance : A type of insurance which covers against loss of earning due to failure of machinery to operate because of an insured peril causing damage to the premises.

Outage Insurance : Consequential loss insurance applicable to losses incurred during the tie a piece of machinery has been put out of commission by a described accident.

Outcomes Measurement, Health : A method of keeping track of a patient's treatment and the response to that treatment.

Outstanding Claims Advance : Refer :"Reinsurance, Outstanding Claims Advance".

Outstanding Claims Reserves(OCR) : Funds put aside by Insurers to cover claims that have been incurred but not yet paid. It can be interpreted in at least two different ways so care is needed. For example, (01) To include only claims that have been reported; in this case the provision may be called the Reserve for Notified (or Reported) Outstanding Claims. (02) To include all claims not yet settled, i.e., including IBNR, IBNER, re-opened claims and future claim expenses.

Outstanding losses : Claims paid or expected to be paid by the Reinsured, but which have not yet been included in the Reinsurer's account.

Outwards Reinsurance : Refer :"Reinsurance, Outwards".

Over closing : The (impermissible) act by a broker, when closing a placing, or allotting to an underwriter a larger line than the underwriter has written.

Over Insurance : Insuring property for more than its value. May be inadvertent or fraudulent.

Over Insured : A term used to describe the condition that exists when an insured has purchased coverage for more than the actual cash value or replacement cost of a subject of insurance. It is also used to describe a situation where so much insurance is in force as to constitute a moral or morale hazard, such as having so much Disability Income Insurance in force that it becomes profitable to be disabled.

Over placing : The action of a broker in obtaining acceptances of lines on an insurance which exceed 100% of the insurance offered.

Over Subscription Clause : In Lloyd's practice it is common for a broker to obtain subscriptions from underwriters for more than 100 per cent for a proposed insurance. The share of each syndicate in the insurance is then reduced proportionately.

Over the Counter Selling : A non-agency system of selling Insurance in which the insured obtains his Insurance by going to the Insurance Company and purchasing it.

Overage : (1) Additional premium payable on a Marine Insurance Open cover or policy when the insured goods are carried on a vessel which does not come within the scope of the Institute Classification Clause, usually because it is too old. (2) The excess amount of a liquid cargo which weighs more when landed than the weight reported when shipped.

Overall Liquidity Ratio : Total admitted assets divided by total liabilities less conditional reserves. This ratio indicates a company's ability to cover net liabilities with total assets. This ratio doesn't address the quality and marketability of premium balances, affiliated investments and other un-invested assets.

Overdue Market : Refer : "Reinsurance, Overdue Market"

Overhaul Operations : With regard to a fire, the methods of final extinguishment used by firefighters. This includes cleanup of debris. Progressive departments will only minimally disturb the contents to aid in fire cause determination.

Overhead : Charges of a fairly fixed nature which do not vary with the volume of activity. Light water rent and some taxes are overhead items.

Overhead : Fixed charges which do not vary proportionately with the amount of business done.

Overhead Disability Insurance : A type of short-term disability income contract that reimburses the insured person for specified, fixed monthly expenses, normal and customary in the operation and conduct of his business or office.

Overhead Expense Insurance : Insurance which covers such things as rent, utilities and employee salaries when a business owner becomes disabled. The insurance benefit is generally not a fixed amount, but pays the amount of expenses actually incurred.

Overlapping Insurance : Coverage from two or more policies or insurers which duplicates coverage of certain risks. Also, refer :"Concurrent Insurance."

Over-line : An amount of insurance or reinsurance that exceeds the normal capacity of the insurer or reinsurer after allowing for automatic reinsurance facilities. An insurer who finds himself with more risk than he considers it prudent to bear is said to be over lined.

Overriding Commission : Refer : "Reinsurance, Overriding Commission"

Overseas Medical Policy : The Policy covers payment of expenses for medical treatment taken by the insured person outside India, as a Direct result of bodily injury caused or sickness contracted whilst on overseas travel. Refer : "Health Insurance, Overseas Mediclaim Policy".

Oversight Clause : Refer : "Reinsurance, Oversight Clause".

Own Case Agent : O.C.A. : Whose activities are limited to drawing commission on his own Insurances.

Own Damage : In Motor insurance, damage to the insured's own vehicle.

Own Risk : A risk that a person retains for himself, without insuring it.

Owner's and Contractor's Protective Liability : Contract of Insurance protecting the owner and contractor against the negligent actions of subcontractors they have hired.

Owner's Clauses : Clauses drafted by ship owners or large exporters or importers for use in their Marine insurance policies.

Owner's Liability : Liability of the owner of a building (as distinct from an occupier) for claims in respect of bodily injury or damage to property.

Owner's Trading Freight : The addition to the cost of the goods of a ship owner (or a charterer) carried in the ship owned (or chartered) which he charges at the port of delivery as the price of carriage.

Owner's, Landlords and Tenants Liability Insurance (OL&T) : Coverage for an insured against legal liability for bodily injury or property damage caused to others by negligence and arising out of the ownership, maintenance, or use of the premises designated in the policy and all operations necessary or incidental to those premises. A form of premises and Operations Liability Insurance designed to cover premises where the public is invited. The OL&T form has largely been replaced by Commercial General Liability Coverage Form (CGL).

Owner's Risk : The words "At Owner's Risk" used in the goods receipt only means that the owner would be liable for any loss/damage to the gods which are lying with the Company if such loss/damage was not caused by any negligence on the part of the carrier.

Ownership of Expiration : Agreement by the Insurance Company that certain information regarding details of a Policy such as expiration will not be revealed to any other Agent

or broker except the originating Agent or broker. This agreement permits the original Agent or broker to contract the client for renewal or extension of the Policy .

Oxidation : Originally, a chemical reaction in which oxygen combines with other substances; it now indicates any chemical reaction in which electrons are transferred. Oxidation and reduction occur simultaneously, and the substances which gains the electrons is called the oxidizing agent.

P

Packing : A package is expected to contain, preserve, protect, present and provide a facility to dispense a product. The term 'packaging' is usually associated with the primary container for a product with emphasis on the product preservation and distribution dispensing aspects. The term 'packaging is generally used to connote preparation of a transport package so as to provide protection to the primary packages / commodities within, against transit hazards.

Package Policy : Insurance Policy covering different types of exposures, which could be written under separate policies, such as a combination of property and liability coverage.

Packing, Bags : Many commodities can be carried in bags, even paper bags Coffee and coco beans are carried in sacks. Cement and chemicals in granules or powder form can be carried in multi-ply paper bags Polythene-lined jute bags are often used to pack chemicals. The two main hazards to bagged goods are (a) exposure to weather and (b) tearing of bags.

Packing, Bales : Goods which cannot be damaged by impact or knocks are usually packed in bales. Thus bales are particularly suitable for raw products and soft goods such as cotton, wool, hemp, jute, dry hides, tobacco, skins, gunnies and textiles. A well-made or pressed bale withstands many of the transit hazards better than any other package. But bales require special attention to minimize losses particularly from hooks, country damage, water and pilferage.

Packing, Carboy : A very large glass container, protected by basket work and used for the carriage of liquids, acid and the like - usual shipped on deck and containing anything from 5 to 15o liters.

Packing, Case or Barrel : Wooden container suitable for the carriage of non-corrosive liquids (such as beer, wines, molasses, oils), apples, olives, tobacco, etc. When barrels are shipped empty, they are often dismantled and made into bundles, the trade terms for which is "stocks".

Packing, Cases : generally used for good class merchandise. In normal times, cases are strengthened by battens, safety clips, and the like Expensive goods are sometimes shipped in tin-lined or zinc-lined cases.

Packing, Containers: Refer : "Containers."

Packing, Corrugated Fiberboard (CF) boxes/cartons : Transport packages that employ wooden frames at the ends and fiberboard materials on sides designed to compromise between the wooden boxes and the corrugated fiberboard boxes. Corrugated fiberboard boxes are also designed with wooden uprights at the corners or with a wooden frame base to increase their stacking strength. Wire-bound fiberboards, and collapsible and returnable wire-bound corrugated boxes are also employed for shipments. Though these are reasonably strong, light in weight and most economical, yet they are not always suitable for export cargo on ocean voyages or for shipments likely to be exposed to much moisture. Increase in moisture content of CF adversely affects its rigidity and compression strength.

Packing, Cylinder: Steel container used for the transportation of gases such as oxygen, under pressure - generally shipped on deck.

Packing, Desiccants:Desiccants or dehydrates absorb moisture from ambient air and are used in conjunction with moisture barriers. Desiccants will provide protection by absorbing the moisture from the air trapped inside the barrier and also the moisture from the air that may penetrate the barrier over a period of time.

Packing, Drum : A cylindrical metal can, or canister, chiefly used for oils, paints, and the like.

Packing, Keg : A small cask or barrel.

Packing, Lift Van : Where cargo has to be handled package by package, railways suffer delays and long lines of wagons stand idle whilst awaiting loading and unloading. A system is therefore developed to speed up the 'turn round' of wagon. The system comprises of constructing vans in two separate parts - the whole of the container unit to be detachable from the chassis, and by standardization, to be readily usable on any other chassis. The van part is called a "lift van" and the chassis is called a "flat."

Packing, Logging :Bulky articles, such as machinery are sometimes "logged", that is protected by binding of rope or wood lashed round.

Packing, Moisture Barrier :To control water damage a moisture barrier is used between the product and the package. The barrier may be a polyethylene film, metalized film, specially treated paper or any other material which offers substantial resistance to moisture impregnation.

Packing, Multiwall Paper Sacks : These package are suitable for packaging powdered, granular, lump materials like dry chemicals, fertilizers. They are flexible. Their strength and protective qualities can be increased by appropriate linings.

Packing, Nesting: The packing of hollow-ware, for example baths, bow-pipes, and the like so that one article fits inside another to economies space and so save freight.

Packing, Palletizing : Palletizing is the assemble of one or more packages on a pallet (platform, usually wooden) base and properly secured to it.

Packing, Pallets : Packages are fastened to a platform and properly secured to it throughout transit. The platform is called a "pallet" and it is lifted into and out of the ship as a complete unit. As an alternative, packages are unitized in say, units of 10 or 12 bags held together by 'disposable slings.' These slings are made of strips of nylon webbing and can be discarded once the goods are unloaded at destination.

Packing, Pipe: A term applied in the wine trade to casks, the capacity of which varies according to the type of wine.

Packing, Sack : A large bag.

Packing, Unitizing : Unitizing is the assembling of one or more packages or items into a compact load, secured together and provided with skids for easy handling.

Packing, Wire-Bound Boxes : Wire bound boxes employ wire-mesh between the corrugations of the fiberboards, and collapsible and returnable wire-bound corrugated fireboard boxes.

Packing, Wooden Boxes/Cases : Goods which are liable to damage from sharp blows on the container as well as goods which are not light in weight may well travel belter in wooden boxes or cases. A wooden box is strong and in many ways the most convenient packing for many commodities provided the wood is of appropriate quality, thickness and correct moisture content. It is also necessary for the shipper to ensure that the wood used is reasonable free of "knots" and is not badly cross grained.

Packing, Wooden Crates : A crate is essentially a wooden frame-work to house the equipment. There are two general type of crates : the open ones and fully covered ones. The open crate can be used where the contents are inherently strong and packing is required primarily to facilitate handling and stowage. For closed crates, a strong framework should be provided to support the lining and flooring when a heavy item is contained in it, e.g. machinery.

Paid Claims Loss Ratio : Paid claims divided by total premiums.

Paid Claims, Health : Amounts paid to providers based on the health plan.

Paid in Capital : The amount paid for the stock sold by a corporation.

Paid in Surplus : Surplus paid in by stockholders, as contrasted with surplus earned through the operations of a business.

Paid Losses : The losses paid as of the valuation date for claims covered by a policy or group of policies attributable to a specific coverage period provided by the policy or policies. (02) Claim amounts paid during a specific calendar year (or period).

Paid-Loss Retro Plan : Retrospective rating plan, most typically used from workers compensation or other liability Insurance, under which the deposit premium the insured pay at the beginning or a Policy period is adjusted at the end of that period to reflect insured losses paid during that period (not the losses incurred during the period). Refer : "Retrospective rating."

Pair or Set Clause : A clause which states that if a part of a pair or set is lost or damaged the measure of the loss shall be a reasonable and fair proportion of the total value of the set, giving consideration to the importance of the article. The insurer is under no obligation to pay for the total loss of a set when one part is lost, damaged, or destroyed.

Pallet : Load carrying platform to which loose cargo is secured before placing aboard the aircraft.

Pallet Extender : Fashionable metal or cardboard device to increase pallet capacity.

Paperless Release : Under ABI, certain commodities from low-risk countries not designated for examination may be released through an ABI-certified broker without the actual submission of documentation.

Par : Abbreviating for participating. Refer : “Participating Insurance”.

Paramedic : (i) A person having professional training in some area of medical care but who is not a doctor. (ii) An adjective used to denote training or treatment by paramedical personnel.

Paramount Clause : A clause in a contract that in the event of ambiguity overrides all other provisions of the contract.

Paramount War Clause (Cargo) : Refer : "Reinsurance, Paramount War Clause (Cargo)".

Parasol Policy : Another name for the Difference in Conditions Policy. Refer : "Difference in Conditions."

Parcel Post Insurance : Indemnity for damage or loss to package whist being processed by and/or in possession for mailing with post office. Department. This type of coverage may be purchased from either the postal authority or private Insurance companies.

Parent Company : The senior company in a group or fleet of insurers.

Pari Passu : Equally

Parity Clause : A clause in a Marine insurance contract which is one or two or more such contracts and which provides that where there are differing rates of premium under them the lower rate shall prevail.

Parole : A legal term which refers to oral statements as distinguished from written statements.

Parole Evidence Rule : When the parties to a contract have purported to embody their contract in writing, that writing is the contract and all of the contract; therefore no evidence is admissible to prove any terms of the contract different from, or in addition to, those set forth in writing.

Part Charter : Where part of an airline's scheduled flight is sold as if it were a charter in its own right (often wrongly used as a synonym for split charter).

Part Load Charter : Where a part of an aircraft's load is discharged at one destination and a part of it at another. This is distinct from a split charter where a number of consignments are carried to the same destination inbound part loads are treated as single entity charters under the regulations of most countries.

Part Of : Refer : "Reinsurance, Part Of".

Partial Disability : Reduction in ability to do things and work that one could when in full health. The degree of disability will vary with the severity of the injury or illness. A provision generally found in accident and occasionally in sickness policies designed to offer some weekly or monthly indemnity benefit if the insured cannot perform all the important daily duties of his occupation.

Partial Hospitalization Services : Additional services provided to mental health or substance abuse patients which provides outpatient treatment as an alternative or follow-up to inpatient treatment.

Partial Indemnity Clause : A clause in a Knock-for-Knock agreement which applies where one insurer does not cover the damage to his insured's vehicle or covers it subject to a larger excess. In any such case the insurer concerned agrees to reimburse the other insurer one-half of his payment for damage to the vehicle he insured regardless of the question of legal liability for the accident that caused the damage.

Partial Insurance : Form of Insurance where losses are paid by both the Insurer and the insured.

Partial Interest : An insurable interest in only part of a risk. A partial risk may be insured.

Partial Loss : A loss under an Insurance Policy which does not either completely destroy or render worthless the insured property or exhaust the Insurance applied to the property.

Partial Payment : (01) Any claim for less than the full sum insured. (02) Partial claim settlement paid on account, before a claim is finalized or closed.

Participating Insurance Policy : (i) Insurance under which the insured is entitled to share in at least some portion of the surplus earnings of the Insurer through dividends, and based on loses experience, investment earnings, and other factors (ii) Insurance or Reinsurance which contributes with other Insurances to cover specified losses.

Participating Preference Share : A preference share which gives the holder, in addition to his right to a fixed dividend, a limited right to a share in the residual profits of the company.

Participation : There is said to be participation when a number of insurers each accept a portion of an insurance.

Particular Average : Refer : "Loss, Particular Average".

Particular Charges : Refer : "Loss, Particular Charges."

Partnership Entity : The partnership considered as an entity and not in terms of its individual part owners.

Part-Time Agent : An agent who, as a subsidiary activity, introduces business to an insurer on which he received a commission.

Party Wall : A dividing wall erected upon and over a line separating two adjoining properties and in which the owners of the respective properties have common rights to its use.

Passenger Liability : The liability of a carrier to passengers for bodily injury varies with the nature of the transportation. Liability to passengers in aircraft is restricted in amount by International conventions and legislation. A ship owner's liability to passengers is limited by legislation. The user of a motor vehicle may not contract out of his liability to passengers and must insured in respect of it without limit of amount.

Passing Off : A person who passes off his goods so as to misled people into thinking that they are the goods of another is subject to an action. He may insure in respect of his liability under a policy covering infringement of industrial property rights.

Patent : A monopoly granted by the state to an inventor of a manner of new manufacturer for a limited number of years in return for his disclosure of his invention.

Patent Insurance : Insurance against loss due to infringement of the insured's patent, or due to claim of infringement of the other's patent by the insured.

Pathology : It is the study of deranged physiologic functions (disease states) of the human body.

Pathophysiology : It is the study of functional changes that occur in a particular disease. This provides clear understanding of what exactly causes disease and symptoms, treatment etc.

Paul vs. Virginia : The U.S. Supreme Court decision (1868) that held that insurance is not commerce; this established the authority of States to regulate insurance.

Pauschal : Marine cargo insurance term (Dutch and German) relating to a provisional annual premium paid in advance.

Pay as Paid Policy : A policy on livestock under which insurers agree to pay a supplement of a give percentage of compensation paid for slaughter of stock by the Department of Agriculture when slaughter is ordered to prevent the possible spread of a disease.

Pay as you may be paid : Refer : “Reinsurance, Pay as you may be paid”.

Payee : The person receiving money.

Payee Clause : A clause in an Insurance contract providing for payment of loss to a person or class of persons.

Paymaster Robbery Insurance : Insurance against loss by robbery of payroll while in charge of a custodian.

Payment Bond : A guarantee of the faithful performance of a construction contract and the payment of all material and labour bills incidental thereto. A bond covering payment of labour and materials only is a Payment Bond and a bond covering faithful performance only is known as a Performance Bond. Refer “Guarantee, Performance Bond.”

Payment Order : An authority given by an insured to a broker to empower the broker to collect a claim on the insured’s behalf.

Payroll Basis : Where business interruption insurance is arranged on a payroll basis the rate charged on salaries and wages is lower than that on gross profit.

Peak Risk : An exceptionally large insurance in a portfolio of smaller insurance.

Peak Value Clause : A clause used in cargo insurance on cotton which provides that the sum insured shall be the peak value pertaining in the cotton market at the time of loss.

Pedal Cycle Insurance : Insurance protection for loss of or damage to pedal cycle by accidental external means, burglary, housebreaking or larceny, Fire, lightning or explosion. Policy also cover the insured's third party liability.

Penalties : Penalties consists of indemnity for the loss or punitive damages imposed by the courts, restitution of the property or loss, injunctive relief precluding future conduct or action, and other remedies, including possession of the property or an accounting of the property entrusted.

Penalty : (i) Limit of an Insurers' liability under a fidelity bod or surety bond. (ii) Amount by which an insured's recovery is reduced because of a Policy provision such as a coinsurance clause. Refer : " Coinsurance."

Per Capita : (Counting) by heads.

Per Capita Premium: A premium payable per head in respect of each of a number of persons.

Per Diem Business Interruption: A type of Business interruption policy which provides a stated amount to be paid for each day that the business is interrupted due to an insured peril.

Per Risk Excess Reinsurance : Refer : “Reinsurance, Per Risk Excess”.

Percentage Adjustments : An increase or decrease by a percentage of fire insurance rates made to reflect changes in experience in the various classes.

Percentage of Fire Loss Insurance : Insurance of consequential loss under which the sum payable is expressed as a percentage of the payment made for material damage.

Percentage Participation Clause : In health insurance a provision that requires the insured to bear a percentage of expenses in excess of the deductible. Refer : "Coinsurance."

Performance Guarantee Bond : While awarding important contracts, the employer often takes precautionary measures to protect his interest against the possible failure of the contractor to perform the work in question. Usually the contractor is asked to deposit in cash or approved securities a certain amount based on the contract value called security deposit which is liable to be forfeited at the discretion of the employer in the event of the contractor failing to complete the work in accordance with the terms of the contract. The performance bonds issued by the Insurers are accepted by the employers in lieu of the security deposit. The Insurer guarantees to pay a stated amount in case the contractor fails to complete the contract as per terms of the contract.

Peril : (01) Cause of loss such are Fire, windstorm, water leakage, housebreaking etc. (02) A type of event that may cause a loss that may or may not be covered by an insurance policy. An insured peril is one for which insurance cover is provided. Examples of perils that may be covered are fire, theft, accident, windstorm, earthquake, riot and civil commotion.

Perils Mixed : Two or more perils which simultaneously cause loss, such as when, during a seacoast storm, both wind and water and water damage property. Mixed perils become significant when one peril causing loss is covered by Insurance, but another is not. If it is not possible Policy limits).

Perils of the Sea : Most losses covered by a marine insurance policy come within the comprehensive expression “perils of the sea,” which refers to a damage caused y heavy weather, stranding, striking on rocks or on bottom, collision with other vessels, contacts with floating objects, etc.

Period : The period of time for which a policy or bond is issued.

Period of Restoration : The period during which Business Income coverage applies. It begins on the date direct physical loss occurs and interrupts business operations, and ends on the date that the damaged property should be repaired, rebuilt or replaced with reasonable speed.

Perishables : Any cargo that losses considerable value if it is delayed in transportation (usually refers to fresh fruit and vegetables).

Permanent Disability : A situation in which the injured peso will not be able to work again.

Permanent Health Insurance : This Insurance provides a weekly benefit in the event of disability from following any occupation, caused by accident or sickness. Payment of benefit maybe deferred for an agreed period, if required, but must continue to be paid up to a certain age limit provided the Policy is maintained by the insured until that time.

Permanent Partial Disability : Refer : " Disability, Permanent Partial."

Permanent Partial Disability Benefits : Periodic indemnities for a disability which impairs earning capacity but which does not involve total inability to work.

Permanent Total Disability : Refer : "Disability, Permanent Total."

Permanent Total Disability Benefits : Periodic indemnities generally weekly, for a disability of a kind that renders any employment Impossible. Such compensation may be limited by maximum time or maximum amount, but if unlimited may run for life.

Permissible (Expected) Loss Ratio : The maximum percentage of premium income that can be expended by the company to pay claims without loss of profit.

Permissible User : Person (not otherwise an insured under a policy) who has an insured's explicit or implied permission to use an insured automobile equipment or other insured property. Permissive user status makes the permitee an insured for most purposes under the permitor's Policy.

Permit Bond : A bond which guarantees that a person who has been issued a permit will comply with the law and ordinances regulating the privilege for which the permit was issued. A house movers Permit Bond is an example.

Permit Bonds : A type of bond guaranteeing that the person to whom a permit is or is to be issued will comply with the law ordinance regulating the privilege for which the permit is issued.

Perpetual Insurance : Property Insurance (usually covering Fire and extended coverage perils) under which the insured, rather than paying periodic premiums, deposits a sum large enough that the investment earnings on this deposit can pay insured losses plus the insurer's operating expenses. This deposit and its investment earnings, minus loss payments and Underwriting expenses, is held in the insured's name. The insured is entitled to the balance of this account upon withdrawing from the perpetual Insurance arrangement.

Persistency : A measure of the length of time for which a policy remains on the books before it is lapsed by the insured.

Personal Accident Insurance : Personal Accident insurance covers death or disablement to the insured person arising out of accident. It is a benefit policy meaning hereby that a fixed compensation is paid to the insured or named assignee for death or disablement arising out of an accident, caused by external violent and visible means. The Policy provides for compensation in the event of (i) loss of limbs (iii) permanent total disablement (iv) permanent partial disablement and (v) temporary total disablement due to accident which may occur at any time and whilst anywhere in the world including whilst travelling by car, boat, train or any other mode of conveyance or whilst flying as a passenger in any aircraft operating over regular schedule routes by any transport Company.

1. **Personal Accident Insurance, Individual** : Personal accident Policy issued to any individual in his individual capacity.

No	Contingency	Percentage of capital sum insured payable as compensation
A	Death	100% of the Capital Sum Insured
B	Loss of two limbs or both eyes or one limb and one eye	100% of the Capital Sum Insured
C	Loss of one limb or one eye	50% of the Capital Sum Insured
D	Permanent total disablement other than the above	100% of the Capital Sum Insured
E	Permanent partial disablement	Percentage as shown in the table in the Policy
F	Temporary total disablement	Weekly compensation at 1% of the capital sum insured subject to a maximum of 104 weeks. The amount of weekly payment is restricted to an amount decided by each insurer whatever be the capital sum insured. This limit applies to all personal accident policies help by the insured.
Note 1. The Benefits A to E are known as capital benefits and benefit F as weekly benefits. Note 2. It is not necessary that all benefits stated above are covered. Note 3. Insurers design their policies in with different combinations of the benefits above.		

2. **Personal Accident Insurance, Family Package Cover** :

Family package cover may be granted on the following pattern :	
1. Earning member (person insured) and Spouse, if earning	CSI to be decided in line with their respective monthly earnings.
2. Spouse, if not earning	Usually 50% of CSI of the principal member subject to a maximum of stated sum under various tables.
3. Dependent children	Usually 25% of the CSI of the principal member subject to a maximum of stated sum under various tables.
4. Dependent Parents or blood relatives i.e., dependent brother/s – sister/s	Usually 25% of the CSI of the principal member subject to a maximum of stated sum under various tables.
5. For children and dependent parents / blood relatives the cover shall be limited to death and Permanent Disablement i.e., Table II Benefit. Rate of premium applicable to table II shall be charged.	
6. Premium payable for husband and wife will be on the total sum insured for Husband and wife at Table III rates. The benefits will be as per Table III.	
7. Insurers usually allow discount for insured's opting for a Family package policy.	

3. **Personal Accident Insurance, Individual Policy : Free Extra Benefits**: The Policy allows certain additional benefits free of charge basically to encourage individuals to go in for a cover and to renew the same promptly when due.

   a. **Cumulative Bonus** : 5% per renewal subject to a maximum 50% of CSI. The benefit is not lost if renewal takes place within 30 days of expiry of earlier Policy.

b. **Education Fund** : 10% of CSI is payable subject to maximum Rs. 5,000 where there is one dependent child land Rs. 10,000 where more dependent children areinvolved.

c. **Carriage of Dead Body** : 2% of CSI subject to maximum of Rs. 2,500 is payable for carriage of dead body to the residence of insured, this will include funeral expenses.

4. **Personal Accident Insurance Policy : Optional Additional Benefits** :

a. **Medical Expenses Benefit** :Policy can be extended on payment of additional premium to cover medical expenses incurred by an insured in connection with the accidental bodily injury. These benefits are in addition to other benefits under the policies. It is not necessary that personal has to be hospitalized.

b. **War risks** : War risk cover can be granted to Indian personnel / experts working in foreign countries on civilian duties at the additional premium applicable differently during peace time, normal period, abnormal / apprehensive period etc.

5. **Personal Accident Insurance, Group Policy** :

Personal Accident Insurance, Group Policy : **Type A** : Covering employees of a firm / Company / association / club (i.e. with employer-employee relationship). These are further divided into two types (i) named employees, and (ii) unnamed employees.

Personal Accident Insurance, Group Policy : **Type B** : Covering members of an institution, society, association, club (i.e., with no employer-employee relationship) - (i) group where members could be named and identified (ii) Others.

In respect of unnamed employees under type. A above it shall be left to the discretion of the employer to declare the number of employees in each classification based on authentic record maintained by his various offices. In case the employer is unable to give class-wise information, all the employees shall be treated as normal risk excluding those who can be classified under heavy risk and their number shall be declared.

With regard to group of unnamed person under type B above, where it is neither possible to categorize individual risk nor to classify a group of people under any one classification, the group may be insured as 'normal' risk with the proviso that all members of the group must be included in the Policy. If only selected members of such a group want to insure themselves they must declare their occupations when this will become named group, and the risk classified as pre provisions. Where an unnamed group having no employer-employee relationship consists of persons belonging to a particular trade, occupation or profession the classification shall be as applicable to that particular trade or occupation or profile.

Personal Accident Insurance, Group Policy : **On Duty Covers** : If personal accident cover is required only for the restricted hours of duty (and not for all the 24 hours of the day and night) a reduced premium equivalent to 75% of the appropriate premium can be charged. The restricted cover is intended for employees only under policies taken out by employer for accident to employees arising out of and in the course of employment only.

Personal Accident Insurance, Group Policy : **Off Duty Covers** : If Group Personal Accident cover is required only for he restricted hours, when the insured employee is not at work and/or not on official duty, the required premium 50% of the appropriate premium shall be charged.

Personal Accident Insurance, Group Policy Excluding Death Benefits : It is possible to issue Group Personal Accident Policies excluding the death benefit, subject to the following conditions :

a. A Group life policy covering death benefit for the same group of persons is in existence.

b. Group P A Policy covers a group of 100 persons and above. Where a Group Policy is issued subject of course to condition (01) above a discount of 50% from the premium applicable to death cover may be allowed from the total premium payable.

Personal Accident Insurance, Group Policy With Double Benefits : In certain tailor made policies benefits are incorporated which provides for payment of double the compensation payable for death and/or loss of limbs or eyes, in the event of bodily injury resulting from an accident to the lift, train, tram, omnibus or other licensed vehicle in which the insured at the time of injuries traveling as an ordinary passenger or in the event of injury sustained as a direct result of the insured being lawfully within a burning building.

Personal Accident Insurance, Group Policy : **LINKAGE OF CAPITAL SUM INSURED WITH THE EARNINGS OF THE INSURED PERSON :** Capital sum insured to be fixed in relation to Insured person's earnings from gainful employment maximum up to 120 times of the personal monthly income in case of Table I cover and 60 times in case of Table II and Table III Covers.

Personal Accident Insurance, Group Policy : Tailor made Group Personal Accident Insurance Policy : Insurers usuallydraft tailor-made schemes to suit the requirements of institutional clients in respect of groups consisting of more than certain minimum number of persons., say 500 and above

Personal Accident Insurance, Group Policy : **Group Discounts** : If the number of insured persons in a group exceeds 25 then the group discount shall be allowed as per provisions.

6. **Personal Accident, Gramin Accident Insurance** : The cheapest Personal Accident Insurance Policy for person between the age group of 10 to 70 years can be issue at an annual premium of Rs. 5/- per person covering death, loss of use of two eyes or two limbs or one eye and one limb, permanent total disablement due to accident for Rs. 10,000/- and loss of use of one eye or one limb due to accident for Rs. 5,000/- Group policies can also be issued in which case no claim discount could also be allowed.

7. **Personal Accident, Janata Personal Accident Insurance** : A specially devised personal accident Insurance Policy for lower income group of 10 to 70 years. The Policy covers death, loss of use of limbs, permanent total disablement due to accident. The sum insured i.e., the amount of indemnity is Rs. 25,000/- to Rs. 1,00,000/- and the rate of premium is Rs. 15/- for a sum insured of Rs. 25,000/-. The sum insured shall be increased in multiples of Rs. 25,000/- and premium is charged accordingly. Group discount and no claim discounts are allowable for Group policies. The Policy covers accidental death, loss of use of two limbs, sight in both eyes, one eye and one limb or permanent total disablement in which case 100% of the sum insured is payable. In case of total and irrecoverable loss of use of one limb/sight of one eye 50% of the sum insured is payable. Policy can also be issued for a longer period up to 5 years with appropriate increase in premium payable at the inception of the policy. Group Janata Personal Accident Policy can also be issued when the norms for groups are the same as a regular Personal Accident Group Insurance Policy. Here, the distinction is that the policy can be issued for a longer period of 3 to 5 years.

8. **Personal Accident Insurance forVisitors in Bank Premises** : The personal accident policy benefits payable to visitors in bank premises. The Policy would be issued to the bank, the benefits payable under the Policy shall reach he beneficiary through the concerned bank.

9. Personal Accident for School Going Children : Groups of students in schools recognized by State Government or Central board can take this Insurance. Sum insured is stipulated moderately per student. Along with the students the teachers and other staff members also can be covered at the same rate. Benefit provided is against death, loss of two limbs, two eyes or one limb and one eye, permanent total disablement and permanent partial disablement. Age limit for students is 3 to 19 year. The cover is operative for 24 hours and is not restricted to school hours only. The school authorities will have to collect the premium and remit it to the Insurers. The Scheme can be suitably modified to cover College / University / Technical Education Institutions.

10. **Personal Accident - Air Travel Flight Coupons** : To cover accidents in air travel. Bodily injury resulting in death or disablement by accident is covered : (a) whilst travelling in airlines vehicles from booking office to airport. (b) whilst in the airport for the purpose of travel. (c) whilst mounting into the aircraft, (d) whilst travelling in the aircraft as a fare-paying passenger on any scheduled route, (e) whilst travelling in vehicle from airport to booking office. The cover may be (i) for specific flight(s) only for which flat premium is charged based on sum insured and duration of flight/s, and (ii) The cover may be issued for a certain specific period of time and the company will be at risk in respect of all the flights undertaken by the insured within that period. A deposit premium equivalent to number of flights likely to be undertaken is collected. At the end of the policy insured has to declare all the flights actually undertaken for adjustment of premium. The declaration policies can also be given to companies in respect of their employees who travel by air frequently.

11. **Personal Accident - Group Cover for Rickshaw Pullers** : The Policy covers death and PTD risks in addition to limited hospitalization cover (including pre and post hospitalization not exceeding 15 days each covering hospitalization arising from accident or in respect of varicose veins and piles only excluding domiciliary hospitalization. The Insurance can be provided to Rickshaw Pullers in the age group of 16 to 65 years through a State Govt. Authority or Bank or any other financial institution.

12. Personal Accident Insurance Policy with Medical Expenses arising out of Road Accident (Traffic Accident only) : A short period cover usually issued to Persons including their families for undertaking travel within the geographical scope mentioned. The Policy besides personal accident benefits also cover Medical expenses incurred consequent upon road accidents. Medical expenses can be a per cent age of the basic sum insured or up to a maximum limit.

13. Personal Accident Social Security Scheme : This was a Social Security Scheme formulated and sponsored by Government of India and was being implemented by then GIC through its subsidiary companies. The scheme provided for payment of compensation amount of Rs. 3,000 to the family whose earning member died due to an accident. The term 'accident' included drowning, snakebite, food poisoning, fall from a tree, killing by armed criminals or wild animals, lightning. The compensation under the scheme was payable, if the earning member was between the age of 18 to 60 years and the income of the family from all the sources was less than Rs. 7,200 per annum. The undernoted were eligible for the benefit under the scheme - surviving husband / wife, if not living, surviving dependent children, if not living, dependent parents, if not living, dependent unmarried brother/sister.

Personal Articles Floater : Originally an inland marine policy. It can be sold as a separate policy or attached to an existing property insurance policy such as a householders policy. The personal article floater is used for listing items to be covered such as furs and jewellery with an amount shown for each item. This is usually an all risk form.

Personal Assets : Wealth and things of value accumulated and owned by an individual. These would include real estate, cash, investments and other items of value.

Personal Effect Floater : A contract affording Insurance against loss to personal effects usually carried by travellers and located away from the domicile of the insured.

Personal Injury : In law, a term used to embrace a broad range of torts that includes bodily injury, libel, slander, discrimination and similar offenses. Also, a standard insurance coverage that protect against a more limited group of torts (false arrest, detention or imprisonment, malicious prosecution, wrongful entry or eviction, and libel, slander, or defamation).

Personal Injury Endorsement : An endorsement that extends a liability Insurance Policy to cover personal injuries other than bodily injuries. Refer : "Personal injury".

Personal Lines : Insurance for individuals and families, such a private car, two wheelers, Householders Policy, Personal Accident and Individual Health Insurance Policies.

Personal Property : Any property of an insured other than real property. Householders Package or Comprehensive policies protect the personal property of family members and commercial forms are used to protect many types of business personal property of an insured.

Personal Property Floater : A broad Form policy covering all personal property worldwide, including at the insured's home. Similar coverage is available by a separate section as part of the Householders Package or Comprehensive Policies.

Personal Property of Others : Property, other than real property, which is not owned by an insured. Liability forms have traditionally excluded coverage for property of others in an insured's care, custody or control. Latest Householders policies provide some coverage for property of others by way of endorsement on payment of additional premium.

Personal Public Liability Policy : A Policy to indemnify the insured and the members of his family including household savant/s and driver/s against claims for alleged negligence in his capacity as a private citizen, Such liability may arise during sports, including horse riding, from the ownership of domestic animals or from the use of sporting gun.

Personal Security : A guarantee executed by an individual as additional security for specific performance of an obligation.

Personal Surety : Surety provided by an individual as compared to surety provided by an Insurance Company.

Personal Surety Ship : The giving of a bond by an individual.

Personality : Property which is movable. all property is either personality, reality or mixed.

Pet Dog Insurance : Insurance is granted in pure or cross bred pedigree dogs, watch dogs, and sheep dogs within the age limit of 2 months to 8 years. Cover is against death by

disease or accident. Total or partial disability is not covered. The diseases such as Rabies, Canine, distemper, Canine Virus etc are covered only if necessary vaccination certificate is submitted. Exclusions usually as per Cattle Insurance. Identification methods are tattooing, nose print and color photograph or face/side and natural identification mark. The policy may be extended to cover death by accident in transit by air, rail, road, water, death by accidental poisoning, breeding risk, theft, loss of show entry fee when the dog registered with the Kennel Club is unable to attend the show because of accident or disease covered by the policy. The policy may also be extended to cover loss of value (up to 50% of sum insured) resultant upon an accident which does not result in death but affects its show career, thirty party personal injury and damage to property (including animals, poultry, etc.) and worldwide transport.

Petrol Pump Dealers Multi Perils Insurance : Policy covering (I) Fire & Allied perils on petrol pump, kiosks excluding garage, if any (ii) Burglary and housebreaking on contents (iii) Cash including cash in transit, cash in safe, cash in safe, cash in counter/or with attendants (iv) Fidelity guarantee (v) Personal accident on named persons (vi) Workmen's compensation (vii) Legal liability (viii) Neon sign/glow sign (ix) Plate glass. Fire section is compulsory. Minimum three sections including Fire should be opted for coverage.

Physical Damage : A generic term indicating actual damage to property.

Physical Hazard : A condition of the subject of insurance that creates or increases the chance of loss, such as structural defects, occupancy or similar conditions.

Physical Therapist, Health : A trained medical person who provides rehabilitative services and thereby to help restore bodily functions such as walking, speech, the use of limbs, etc.

Physicians and Surgeons Equipment Insurance : An insurance used to cover equipment, materials, supplies and office furniture of individuals in the medical and dental profession.

Physicians and Surgeons Professional Liability Insurance : Malpractice insurance for physicians and surgeons.

Physiology : It is the study of the normal functions of the normal human body.

Phytosanitary Inspection Certificate : A certificate issued by the Competent Government Agency indicating that a shipment has been inspected and is free of harmful pests and plant diseases.

Picking Clause : **Cotton, Wool and Similar Fibrous Commodities** are shipped in bales. Country damage to which these bales may be exposed in usually restricted to the outer surface of these bales and is often superficial. By picking out the damaged fibers, the remainder of the bale may be considered as sound. The sound parts of the bales affected may be rebelled and consolidated to make whole bales. The picking clause also provides that the Insurer will pay the cost of picking and the cost of re-baling both sound and damaged material, because the damaged material does have salvage value. Provided the loss is caused by an insured peril, the Insurer is liable for the insured value of the pickings less the salvage proceeds of picked material.

Pig Insurance : Policy covers indigenous, cross bred and exotic pigs from 2 months to 3 years of age against death due to disease or accident. Usual terms and conditions are as per Cattle Insurance. Specific additional exclusions are PTD, Breeding and

Furrowing risks. Swine fever covered if the pig is successfully inoculated against the disease.

Pilferage : Petty thievery, the taking of small parts of a whole. As used in marine insurance policies the term denotes petty thievery, the taking of small parts of a shipment, as opposed to the theft of a whole shipment or large unit. Many ordinary marine insurance policies do not cover against pilferage and when this coverage is desired, it must be added to the policy.

Piracy : Theft on the high seas. Unlawful seizure of a ship and/or its cargo on the high seas. Usually covered by Ocean Marine Insurance.

Pirates : Persons attacking property at sea, including passengers who mutiny and rioters who attack a ship from the shore.

Pitching : Angular motion about transverse axis of ship on high seas.

Pivot Weight : The weight of a ULD above which a higher tariff applies; in effect, an incentive to maximize cargo density.

Place : A particular street address or other designation of a factory, store, warehouse, place of business, private residence, construction camp or the like, at a point.

Place of Rest : The term “place of rest” as used in the Containerized Cargo Rules means that location on the floor, dock, platform or doorway at the CFS to which cargo is first delivered by shipper or agent thereof.

Place of Service, Health : This designates where the actual health services are being performed, whether it be home, hospital, office, clinic, etc.

Placing : (1) Effecting an insurance (2) An insurance which has been effected.

Placing Slip : The slip used by a broker in negotiating an Insurance or Reinsurance contract.

Plain English Policies : Policy forms with clauses written in everyday language for the layman.

Plain Language Laws : Law that requires policies to be written in everyday language so that the same are usually understood. Technical terms with their technical meanings are used only where required by law or substitution would be misleading.

Plaintiff : Individual who brings a law suit against a defendant.

Planned Retention : Refer : "Retention, planned."

Plantation Insurance : The crops that can be covered are(i) Horticultural Crops such as Grape, Citrus (Orange, Lime, Sweet Lime), Chickoo, Pomegranate, Banana (ii) Plantation Crops such as Rubber, Eucalyptus, Poplar, Teak Wood and (iii) Sugarcane. The subject matter of Insurance would be Fruits in respect of Horticultural crops, Trees in respect of Plantation crops and Sheets in case of Sugarcane crops. The perils covered are Fire including forest fire and bush fire, lightning, storm, hailstorm, cyclone, typhoon, tempest, hurricane, tornado whilst in direct and immediate operation over the insured area, flood and inundation, riot and strike, terrorism. The policy shall indemnify the insured to the extent of loss or damage to the insured tree/ fruits. Period of insurance shall be drop duration or twelve months whichever is shorter. Period of insurance in respect of sugarcane crop

can be extended by such period beyond 12 months (up to a maximum of 18 months) as may be necessitated by the variety (e.g., Adsali) grown. In respect of Rubber, Eucalyptus, Poplar and Teakwood where plants are first required to be raised in nurseries and then fields, the period of insurance shall commence after expiry of twelve months from transplanting (nurseries are not covered). Sum insured to be based on cost of cultivation i.e., input cost or cost of raising/development of insured tree(s) depending on the crop which is insured. Policy is subject to franchise as well as excess. Loss and/or damage due to theft during or after occurrence of any peril not covered. War, nuclear perils not covered. Loss or damage due to insets, mites, pests, excessive/deficient use of any nutrient, negligence/omission, drought conditions, willful negligence, human action, birds, animals and locust, fog and/or high humidity, nonbearing of fruits by a fruit bearing tree not being caused by the occurrence of insured peril, rain water where the rain occur independently of the immediate and direct operation of the insured peril in the area in which the horticulture crop insured stands, improper selection of site and plant spacing, frost or cold waves, delay in onset of monsoon, excessive heat or heat waves, pollution, improper maintenance, waterlogging, burning of property by the order of a public authority or arising out of any subterranean fire not covered.

Plate Glass Insurance : Policy insures any kind of fixed glass, in particular showroom glass against the risk of accidental breakage. Unless specifically stated in the Policy, glass means plain glass of ordinary glazing quality and does not include any embossing, silvering, lettering or ornamental work. Damage to frames and cost of removal or replacement of any fittings or fixtures necessitated for replacing the broken glass are not paid for.

Plurality of Risk : There is said to be plurality of risk where a fire insurance policy covers more than one location or set of property.

Pluvius Insurance : Insurance in respect of loss arising from adverse weather conditions, notably heavy rainfall which causes the cancellation of an outdoor event.

Point : A particular city, town, village or other community or area which is treated as a unit for the application of rates.

Point of Service Plan, Health : This plan allows a choice of whether to receive services from a participating or nonparticipating provider.

Points rating system : A system for calculating the office premium by relating it to points associated with each cell within a rating factor. The higher the risk associated with the cell, the higher the points and the higher the premium For example, a driver aged 20 would be associated with far more points, and all other things being equal a higher premium, than a driver aged 40.

Poison Probability Distribution : A mathematical probability distribution in which more than one event can occur in a given time period and in which the mean is also equal to its variance.

Polarization: Division of insurance intermediaries in two categories : those placing business for one company, and those free to place business with any insurer without intermediate categories.

Policies Annual : One year polices are called 'annual policies' and sell for the basic rate.

Policies Incepting Basis : Refer : “Reinsurance, Policy Incepting Basis”.

Policies Short Term : Policies written for less than one year are called short rate or short term policies.

Policies Term : Policies written for more than a year are called 'term policies'.

Policy : Contract of Insurance are evidenced in the form of policies. Policy is a printed document issued to the insured by the Company stating the terms of the Insurance contract. This is a written contract of Insurance between an Insurance Company and the Policy holder.

Policy Anniversary : The anniversary of the date of issue of a policy as show in the policy declarations.

Policy Conditions : Refer "Condition".,

Policy Contract : An Insurance contract embodied in a Policy.

Policy Date : Refer : "Effective Date".

Policy Fee : A charge by an insurer for issuing a policy, as distinct from the premium.

Policy Form : A Policy document setting down in writing the agreement between the insured and the Insurer.

Policy Limits, Liability Insurance : It is important that policy limits are adequate to cover both the cost of defense and damages. In choosing a limit the insured must consider any number of factors including size of firm, areas of practice, claims history, case size, and any other circumstances that will help him determine the maximum loss the firm may suffer in a worse case situation. Of course, higher limits increase the policy premium. However, since few claims rise to the level of maximum possible loss the extra charge for higher limits is on a sliding scale and therefore affordable. Policy limits are available on both a single limit and on a per claim and aggregate basis. The latter allows for multiple claims up to a per claim limits that the insured has determined adequate for any one claim, and is less expensive than choosing a single limit to cover multiple claims, where no one claim exceeds the per claim limit. In other words a single claim of Rs. 3 crore would cost more than a per claim and aggregate of limit of Rs. 1 crore / Rs. 3 crore and would serve no better in described example. One final thought in choosing an adequate limit is that multiple claims that result from a single or related group of incidents usually be will be considered as one claim under most policies.

Policy Owner : (i) The person who has ownership rights in an insurance policy and who may or may not be either the policyholder or the insured. (ii) Often used loosely to refer to policyholder and/or insured.

Policy Period : Means the period of time between the inception date and time and the expiration date and tie, each as shown in the Schedule, unless the Policy is earlier terminated, in which even such period of time shall end as of the date and time of such earlier termination.

Policy Proof of Interest : A clause in an open contract of marine Insurance covering peculiar conditions of risk concerning anticipated freight, e.g., if a captain of vessel has gone to pick up freight that is destroyed by some hazard he has suffered loss in terms of shipping fees. Protection by a PPI of FIA Policy will indemnify him for his loss.

Policy Register : A record kept by an insurer of policies effected.

Policy Reserves : The funds that an Insurance Company holds specifically for the fulfillment of its Policy obligation. Reserves are so calculated that. together with the future premiums and interest earnings, they will enable the Company to pay all future claims.

Policy Signing Office : An office conducted jointly by a number of insurers, either Lloyd's underwriters or companies, where policies are signed on their behalf.

Policy Year : Period between a Policy's anniversary dates.

Policy Year Experience : Experience on business during the twelve months period from the effective date of the Policy which became effective during a given year irrespective of when the transactions (payment of premium or loss payment) may have actually taken place.

Policyholder : Person or other entity who has ownership rights under an Insurance Policy and who may or may not be the insured.

Policyholder Dividend Ratio : The ratio of dividends to Policyholders related to net premiums earned.

Policyholders' Funds : Monies set aside by Insurers to cover outstanding liabilities to Policyholders. Also known as technical reserves.

Policyholders Surplus : Amount over and above liabilities available for an Insurer to meet future obligation to its Policyholders.

Policyholders' Surplus Ratio : The difference between an Insurer's assets and its liabilities divided by its liabilities. One measure of an Insurer's financial strength.

Political Risk : Unanticipated political events that disrupt the earnings or profit-making ability of an enterprise Nationalization and expropriation are examples.

Pollution : Pollution or contamination of the atmosphere or of any water, land or other tangible property. Includes air pollution, noise pollution, water pollution and disposal of waste materials.

Pollution Hazard Coverage, Marine Hull : This insurance covers loss of or damage to the Vessel caused by any governmental authority acting under the powers vested in it to prevent or mitigate a pollution hazard, or threat thereof, resulting directly from damage to the Vessel for which the Underwriters are liable under this insurance, provided that such act of governmental authority has not resulted from want of due diligence by the Assured, the Owners, or Managers of the Vessel or any of them to prevent or mitigate such hazard or threat, Master, Officers, Crew or Pilots not to be considered Owners within the meaning of this Clause should they hold shares in the Vessel.

Pollution Liability Coverage Insurance : Commercial form providing pollution insurance on a "claims made" basis, and also including coverage for clean-up costs.

Pollution Liability Extension Endorsement : An endorsement to general liability insurance which removes part of the pollution exclusion, creating liability coverage for pollution injury or damage.

Pony / Mule / Horse / Donkey / Yak Insurance : Policy covers indigenous, cross bred and exotic drought and half drought horses, mares, ponies, donkeys, mules and yaks

used for carrying weight, cart work, marriage purposes drawing sulkies coaches, vans and utilized for farm work. Horse Insurance (Blood Stock) is not covered. Age group of the animal is 2 to 8 years and coverage and exclusions are as per Cattle insurance.

Pool : An Organization of Insurer or Reinsurers through which particular types of Insurance are written with the premiums 'losses and expenses shared in agreed proportions among these Insurers. A pool is often appropriate for insuring large values, such as commercial aircraft, or for insuring exposures unwelcome in the voluntary market. Refer : "Residual market."

Pool Schemes : Arrangements at Lloyd's whereby very small premiums or claim payments are pooled rather than being accounted for individuality.

Pooling : The basis of Insurance where by premium contributions are funded and used to pay losses.

Poplar plantation Insurance : Refer : "Plantation Insurance."

Port : A place where vessel may receive or discharge cargo. A sea port is a facility to receive Water-borne vessels and to facilitate loading/unloading of cargo or embarkation / disembarkation of passengers on these vessels. The facilities by a sea port include berth/wharf/jetty, cargo handling equipment, storage area/godowns/warehouses/tanks, trucks, trailers etc for transit within the port, a harbor including a dock protection by breakwaters, a navigational channel, navigational buoys and other equipment, vessel traffic management system and dry dock/repair berth. In India there are two categories of ports. The 12 major ports are governed by the Indian Ports Act, 1908. In addition the State governments of Maharashtra, Gujarat and Tamil Nadu have set up their own State Maritime Boards for development and administration of their ports. The government owned ports work on a landlord-tenant model wherein all the services/assets are sub-contracted to tenants. The new facilities are also developed on a BOOT basis. Most of the private ports offer their own services and do not follow the landlord tenant model.

Port Authority : A Government Body (City, Country or State) which is international shipping maintains various airports and/or ocean cargo pier facilities, transit sheds, loading equipment warehouses for air cargo, etc. Has the power to levy dockage and wharfage charges, landing fees, etc.

Port Marks : An identifying set of letters numbers and/or geometric symbols followed by the name of the port of destination, which are placed on export shipments. Foreign government requirements may be exceedingly strict in the matter of port marks.

Port of Departure, Alteration of : Where the place of departure is specified by the Policy, and the ship instead of sailing from tat place sails from any other port, the risk does not attach.

Port of Destination, Sailing for Different Destination : Where the destination is specified in the Policy and the ship instead of sailing for that destination sails for any other destination, risk does not attach.

Port of Discharge : Port where vessel is off loaded and cargo discharges.

Port of Loading : Port where cargo is loaded aboard the vessel lashed and stowed.

Port Package Insurance : A port package policy would cover

Section 1 Property damage

a. **Real property**- All accidental loss and damage including flood, earthquake, tsunami, impact damage from vessels, SRCC and Terrorism (excluding WAR), costs and expenses of removal of wreck. Main exclusions are defects in design, manufacture, mechanical electrical breakdown, explosions, release of safety valves, war, wear and tear, inherent vice, latent defect, error in design, faulty workmanship, seepage and backing up of sewers/drains.
b. **Handling Equipment**; - All accidental loss and damage including flood, earthquake, tsunami, impact damage from vessels, SRCC and Terrorism (excluding WAR), costs and expenses of removal of wreck. Main exclusions are war, wear and tear, inherent vice, latent defect, error in design, faulty workmanship, seepage and backing up of sewers/drains, electrical/mechanical breakdown of alarm systems, communication equipment, computers etc.

Section 2 (I)Business Interruption (ii) Port blockage; - Cover loss of standing charges arising out of a loss in Section 1.

Section 3 Customer liabilities and third party liabilities (i) customer liability (ii) third party liability (iii) liability for errors and omissions (iv) liability for fines and duties (v) removal of wreck (vi) cost for pollution, cleanup and containment.

Portability : Refer "Health Insurance, Common Clauses, Portability."

Portfolio : (i) The securities in which the assets of the Company are invested. (ii) The Reinsurance held by an Insurer. (iii) The entire collection of an Insurer's assets or liabilities.

Portfolio Claims : Refer "Reinsurance, Portfolio Claims"

Portfolio Consideration : Refer "Reinsurance, Portfolio Consideration"

Portfolio Entry : Refer "Reinsurance, Portfolio Entry"

Portfolio Mix : Refer : "Reinsurance, Portfolio Mix"

Portfolio Premiums : Refer "Reinsurance, Portfolio Premiums"

Portfolio Reinsurance : Refer "Reinsurance, Portfolio Reinsurance."

Portfolio Return : Refer "Reinsurance, Portfolio Return"

Portfolio Runoff : Refer "Reinsurance, Portfolio Runoff"

Portfolio transfer : Refer "Reinsurance, Portfolio Transfer"

Position Bonds : A type of bond covering all person occupying stated positions.

Possible Maximum Loss (PML) : Refer : "Loss, Possible Maximum."

Post-selection Underwriting : An insurer's practice of reevaluating the desirability of insureds at or prior to the renewal of their policies.

Poultry Insurance : Poultry for the purpose of this Insurance would refer to (a) layers (b) broilers (c) hatchery (breeding stock) which are exotic and cross-bred. Indigenous and non-descript birds will not be insured. All birds a farm should be covered. The Policy provides indemnity against death of birds due to accident including Fire, lightning, flood, cyclone, famine, strike, riot or disease contracted or occurring during the

period of Insurance. Main exclusions are malicious/willful injury, neglect, transit by any mode of transport, improper management including overcrowding, undergrowth, cannibalism, action of predators like preying birds and carnivorous animals, theft and clandestine sale, intentional slaughter, consequential losses, permanent and partial disablement of any nature, loss of production, certain diseases such as marek's disease, ranikhet disease, fowl pox and infectious bronchitis. Malnutrition/shortage of water, death due to starvation because of non-supply of feed to farm due to any reason, loss due to huddling and/or piling of birds etc.

Poultry, Epidemic Insurance Scheme for Parent Stock : The word parent stock refers to Grandparent stock, parent stock and pure line stock which are exotic. Indigenous and non-descript birds not to be covered. Policy is available for 1 day old to 72 weeks old poultry and shall cover Fire, Lightning, flood, cyclone, strike, riot and civil commotion, earthquake, storm, tempest, two epidemic diseases viz., Ranikhet Disease and Gumboro Disease. Main exclusions are malicious/willful injury, neglect, transit by any mode of transport, improper management including overcrowding, undergrowth, cannibalism, action of predators like preying birds and carnivorous animals, theft and clandestine sale, intentional slaughter, consequential losses, permanent and partial disablement of any nature, loss of production, certain diseases such as marek's disease, ranikhet disease, fowl pox and infectious bronchitis. Malnutrition/shortage of water, death due to starvation because of non-supply of feed to farm due to any reason, loss due to huddling and/or piling of birds etc.

Poultry, Epidemic Insurance Through Hatcheries : Policy cover epidemic poultry insurance cover for one day old chicks supplied by Hatcheries to commercial farms in India. This is a specific category of risk coverage for hatcheries and cover will be applicable to day old chick from hatchery stage if self for birds supplied to commercial farm. Insurance cover commence from the time of despatch and will remain in operation for a period of 8 weeks in case of broilers and 72 weeks in case of layers. All the batches of birds being supplied to any commercial farms by hatchery should be covered without exception. The Policy will provide indemnity against death of birds during transit and at commercial farm due to accidents including fire, lightning, flood, cyclone, strike, riot, civil commotion, epidemic disease like Ranikhet Disease, Mareks Disease, Fowl Cholera, Coccidiosis and Gumboro Disease in case of layers. Physical loss/damage of poultry caused by accident to the vehicle carrying one day old chick from hatchery to the commercial farm is covered under transit risk. No liability in case of disability of birds due to any reason is covered.

Power Interruption Insurance : Type of Insurance coverage against loss due to interruption of power supply from a public utility caused by accidental breakdown of the utility's plant and/or machinery.

Power of Attorney : The written instrument by which the authority of one person to act in the place and stead of another as his attorney in fact is set forth.

Power Plant Insurance : Contract of Insurance insuring electric generating plants and stations Insurance against loss caused by accidental injury to objects used for generation, control, storage, or distribution of energy.

Practical Nurse, Health : A licensed individual who provides custodial type care such as help in walking, bathing, feeding, etc. Practical nurses do not administer medication or perform other medically related services.

Pre-Admission Authorization, Health : A cost containment feature of many health insurance policies whereby the insured must contact the insurer prior to a hospitalization and receive authorization for the admission.

Pre-Admission Certification, Health : Before being admitted as an impatient in a hospital, certain criteria are used to determine whether the inpatient care is necessary.

Pre-Advice : Preliminary advice that a letter of credit has been established in the form of a brief authenticated wire message. It is not an operative instrument and is usually followed by the actual letter of credit.

Preamble : (i) The introduction to a treaty wording, establishing the parties to contract and the basis for operating the contract. (ii) Preamble clause : The clause in a Policy form giving the basic essentials of the contract.

Precedent : In common law, previous cases are used to prove the present case. These cases are called "precedence."

Precertification Authorization, Health : A cost containment technique which require physicians to submit a treatment plan and an estimated bill prior to providing treatment. This allows the insurer to evaluate the appropriateness of the procedures, and lets the insured and physician known in advance which procedures are covered and at what rate benefit will be paid.

Pre-credit Risk: In credit insurance, risks arising before the time for despatch of the goods to be sold.

Predecessor Firm : Typically means a law firm that is named as such in the Declaration that has under dissolution and to whose financial assets and liabilities the Named Insured is the majority successor in interest and from which the Named Insured retained 50% or more of the lawyers.

Pre-existing Condition : A physical and/or mental condition of an insured person which existed prior to the first time issuance of his or her policy.

Preference Ordinary Shares : A share in the capital of a company which gives the holder the right to a fixed dividend, after payment of any dividend due to the holders of preference shares, in preference to the payment of dividend on other ordinary shares.

Preference Share : A share in the capital of a company which gives the holder preference over the holders of ordinary shares in the payment of dividends up to a stated amount, and in return of capital in a liquidation.

Preferred Provider Organization : Group of Hospitals, physicians and other health care providers that contract with insurers, third party administrators, or directly with employers to provide medical care to members of the contracting group(s) at discounted prices per unit of service.

Preferred Risk : Any risk considered to be better than the standard risk on which the premium rate was calculated.

Preliminary Term : Insurance protection for a temporary period which precedes the effective date of a permanent Policy form.

Premises : The particular location of property or a portion thereof as designated in a policy.

Premises and Operations Liability Insurance : A commercial liability coverage that protect against liability arising out of the ownership or maintenance of premises or out of the activities of employees away from the premises.

Premises Burglary : A burglary which occurs on an insured premises. Various insurance policies distinguish between coverage provided on and off an insured premises. Premises burglary coverage may be written separately or as part of a broader package of fire coverage or crime coverage.

Premium : Payment required for Insurance. The price of insurance protection for a specified risk for a specified period of time:

Premium Balances : Premium and agents' baleens in course of collection; premiums, agents' balances and installments booked but deferred and not yet due bills receivable, taken for premiums and accrued retrospective premiums.

Premium, Adjustment Endorsement : Property or liability Insurance Policy endorsement under which a deposit premium is charged at the beginning of the Policy period, periodic reports of exposures are made during the Policy period or at the end of its, and premiums are adjusted as reports are received or at the end of the Policy period.

Premium, Advice Note : A note sent to an insurer or a policy signing office by an insurance broker when the broker's client is debited with the premium or credited with a return premium.

Premium, Deposit : When the price of insurance is tied to fluctuating values or costs that cannot be known until the end of the policy period, inventory or payroll are two common examples, a deposit or provisional premium or estimated premium may be charged at the outset of a policy with final adjustment to come at the end of the term.

Premium, Discount Plan : A plan available in some rating jurisdiction providing for a percentage reduction on premium dependent upon the size of the premium.

Premium, Earned : Portion of the premium for a single Policy or group of policies, that an Insurer is entitled to recognize as earned revenue because a similar portion of the coverage period has elapsed. For example, under an annual Policy, one-third of the total premium is earned after the first four months of coverage.

Premium, Earned : That part of a premium that relates to so much of the period of insurance as has already run.

Premium, Gross : (a) Entire periodic premium for a particular type of Insurance, consisting of the net premium plus loadings (b) Premium for participating Insurance before deduction for anticipated dividends.

Premium, Income : The amount of premium that a Lloyd's name may write in a given year, determined by the size of the Name's wealth, deposit and whether or not incorporated.

Premium, Income : The income of an insurer from premiums.

Premium, Limit : The maximum total of premium that may be accepted on behalf of an underwriting member of Lloyd's. The limit is governed by the underwriter's means and the amount of the premium deposit he has made.

Premium, Minimum : Least premium specified in a rating manual or in Underwriting rules, for which a Policy or an endorsement can be issued or for which a unit of exposure can be insured.

Premium, Net : In health Insurance, portion of the gross premium needed to pay benefits provided by the Insurance contract, with no allowance for the Insurer's expenses or profit. The property liability equivalent is "pure premium."

Premium, Notice : Notice of a premium due, sent out by the Company or one of its agencies to an insured. Synonym for "Renewal notice."

Premium, Premium in Force : The initial premium on all policies not cancelled or expired.

Premium, Premium Reducing, **Marine Hull** : Should a vessel be lost soon after the risk has attached, the owner in fact, loses the premium which would have covered him for the entire period of one year. This Policy covered premium on the Hull and Machinery. Freight and disbursements interests including premium on premium reducing Policy following total loss of the vessel. The amount of indemnity is reduced by 1/12 monthly.

Premium, Premium to Surplus Ratio : This ratio is designed to measure the ability of the insurer to absorb above average losses and the insurer's financial strength. The ratio is computed by dividing net premium written by surplus. An insurance company's surplus is the amount by which assets exceed liabilities. The ratio is computed by dividing net premium written by surplus.

Premium, Present Rates : The premium component of experience adjusted to reflect what such premiums would have been had they been written at current premium rates.

Premium, Pure : Portion of the total premium needs to pay expected losses and loss adjustment expenses, with no allowance for the Insurer's expenses or profit.

$$\text{Pure Premium} = \frac{\text{Actual Loss + Loss Adjustment Expenses}}{\text{Number of Exposure Units}}$$

Premium, Rate : Price per unit of Insurance, usually per Rs. 100 or Rs. 1,000 per year.

Premium, Receipt : An acknowledgement that a premium has been received.

Premium, Relief : Income tax relief on qualifying policies like "Mediclaim", "Bhavishya Arogya" etc.

Premium, Restoration : The premium charges to restore an Insurance or surety contract to its original amount after payment of a loss.

Premium, Return : Premium returned to Policy holders principally on cancellation or partial cancellation of contracts, one rate adjustments, or on determination that an advance premium is in excess of the actual premium

Premium, Single : The amount that constitute payment in full for a contract at its inception.

Premium, To Be Arranged : Phrase used when an insurer is asked to grant cover pending determination of the premium.

Premium, Transfer : Method used at Lloyd's where a risk is insured for more than twelve months. The premium for the period in excess of twelve months is paid over, as an internal transaction by the original syndicate to its successor syndicate as reconstituted for the ensuing year.

Premium, Trust Fund : A fund into which all premiums for a Lloyd's syndicate in a given underwriting year are paid. No moneys may be released from the fund other than any profit on closure and on-going claims and expenses.

Premium, Unearned : Portion of a property or liability Insurance premium equal to the unexpired portion of the period for which the total premium has been paid. The unearned premium equals the gross premium minus the earned premium. Thus, for an annual Policy, at the end of the first month of coverage, eleventh-twelfths of the premium is unearned.

Premium, Written : The entire amount of premium on Policy contracts written by an Insurer. (2) Total amount of premium charged for the policies an Insurer "writes" (by selling new policies or renewing expiring ones, during a specified period, such as one month or one year. Because some policies are for terms longer than the period for which the written premiums are calculated, the premiums an Insurer writes during a particular period will not equal the premium it earns during that period. Refer : " Premium, earned."

Prepaid Expenses : An expenditure, often recurrent, for benefits as yet not received. Unexpired Insurance is a prepaid expense from the Policy holder's point of view.

Prepaid Freight : Generally speaking, freight charges both in ocean and air transport may be either pre-paid in the currency of the country of export or they may be billed collect for payment by the consignee in his local currency. However, on shipments to some countries freight charges must be paid because of foreign exchange regulations of the country of import and/or rules of steamship companies or airlines.

Prescription : Creation (or extinguishment) of a legal right or obligation by the lapse of time.

Prescription Medication : A drug which can be dispensed only by prescription and which has been approved by the Competent Government authority.

Present Value : The current value of future money before interest earnings are included.

Pre-slung cargo : Cargo shipped already in a cargo sling or net. Usually prepared and loaded at pier ready for arrival of vessel and subsequent loading (i.e., coffee in bags, coconut shells, etc.).

Pressure Plant : Any unfired closed container under steam, gas or fluid pressure.

Pressure Vessel : A container designed to hold steam, gas or other vapor under pressure.

Presumptive Disability : A disability involving loss of sight, hearing, speech or any two limbs, which is presumed to be a permanent and total disability. In such cases, the insurer does not require the insured to submit to periodic medical examinations to prove continuing disability.

Pre-tax Operating Income : Pre-tax operating earnings before and capitals gains generated from underwriting, investment and other miscellaneous operating sources.

Pre-tax Return on Revenue : A measure of company's operating profitability and is calculated by dividing pre-tax operating earnings by net premiums earned.
Prevention : Elimination of causes of loss.

Prevention of Money Laundering Act (PMLA) 2002 : The Prevention of Money Laundering Act 2002 was brought into force from 1st July 2005 when rules thereunder were

formulated. The PMLA rules empower finance industry regulators like RBI, SEBI, IRDA to issue sector specific guidelines on AML/CFT.

The Objectives of PMLA are (a) Prevention, control and combating activities concerning money laundering, (b) Confiscation of property involved in money laundering and (c) Dealing with matters connected with or incidental to money laundering.

Preventive Care : This type of care is best exemplified by routine physical examinations and immunizations. The emphasis is on preventing illnesses before they occur.

Price : Quantity of one thing obtainable or paid in exchange for another.

Price Quotation / Proforma Invoice : An invoice prepared by the seller in advance of shipment that documents the cost of goods sold, freight, insurance and other related charges. It is often used by the buyer to secure a letter of credit, an import license or a foreign currency allocation.

Prima Facie : Latin, "on first appearance". A term frequently encountered in foreign trade. When a steamship company issued a clean bill of lading, it acknowledges that the goods were received "in apparent good order and condition" and this is said by the courts to constitute prima facie evidence of the conditions of the containers; that is, if nothing to the contrary appears, it must be inferred that the cargo was in good condition when received by the carrier.

Primacy : Status of being primary, or first in order, When two or more Insurance policies each cover the same loss, one Policy may provide that it is excess cover' the other. The Policy not containing such a provision has primacy. In some cases, a Policy will state that it provides primary coverage, giving it primacy.

Primary : Basic, fundamental; an insurance policy that pays first with respect to other outstanding policies.

Primary Beneficiary : The individual first designated to receive the proceeds of an insurance policy.

Primary Care Network, Health : This is a group of primary care physicians who provide care to those members of a particular health plan.

Primary Care Physician : Some health plans require members to select and seek treatment from a primary physician who either renders treatment or refers the member to an appropriate specialist within the approved health care network.

Primary Care, Health : Basic health care provided by doctors who are in the practice of family care, pediatrics and internal medicine.

Primary Carrier : An original insurer as distinct from a reinsurer.

Primary Coverage, Health : (i) Coverage which pays expenses first without consideration whether or not there is any other coverage. (ii) Insurance coverage which covers from the first penny perhaps after a deductible as distinguished from excess coverage which pays only after some primary coverage has been exhausted.

Primary Insurance : Insurance providing coverage from the first rupee of loss, perhaps after a deductible, as distinguished from excess coverage, which pays only after the primary Insurance has been exhausted or the insured has absorbed a self-insured retentions. Refer : 'Self-insured retention."

Primary Insurer : Insurer that provides primary Insurance. Refer : "Primary Insurance. "

Primary Loss : A deductible, employed in credit insurance and bad debts intended to reflect normal credit losses of the insured firm.

Primary Rating Factor : An index number that reflects the additional risk of various classes of insureds, under rate-making plans in automobile insurance used for personal and professional purposes.

Primary Reinsurance Clause : Refer : “Reinsurance, Primary Reinsurance Clause”

Principal : (i) An individual or Company whose performance of certain obligations is covered by a bond. (ii) The money due under the Policy. (iii) The party to a transaction, as distinguished from the broker or Agent. (iv) A sum lent or employed as a fund of investment, as distinguished from its income or profits. (v) The original amount (as of a loan) of the total due and payable at a certain date.

Principal Sum : The amount specified on a Policy to be paid in the event of certain losses, such as a designated amount of money to be paid in case of a loss of limb/s.

Prior Acts Coverage, Liability Insurance : Liability insurance coverage for claims arising from that occurred before the beginning of the policy period Policies written on a claims made basis, such a MALPRACTICE LIABILITY INSURANCE and ERRORS AND OMISSIONS LIABILITY INSURANCE, cover only claims made during the policy period Prior acts coverage is necessary for covering a claim made during a current policy period for an event that happened before a policy was in force.

Prior Acts Date, Liability Insurance : The prior Acts date is also referred to as Retroactive Date. The date that defines the extent of coverage in time under claims made liability policies. The prior acts date is usually the same date from which continuous coverage was first obtained by the current or predecessor firm. Claims resulting from occurrences prior to the policy’s stated retroactive date are not insured. Policies can contain a Prior Acts Date or be designated as having Full Prior Acts. The first year a firm is covered, their prior acts date will most likely be the date of policy inception. It is critical that coverage is maintained continuously to preserve a firms prior acts date and thus coverage of work performed back to that date. A gap in coverage will jeopardize a firms prior acts date. If a firm changes insurance carriers, it is important that the same prior acts date appears on the new policy. With the exception of some non-admitted carriers, most insurance companies will honor a firms prior acts date when switching carriers.

Prior Authorization : A cost containment measure which provides full payment of health benefits only when the hospitalization or medical treatment has been approved in advance.

Priority : Legal preference

Private Carrier : Refer : "Carrier, private."

Private Insurance : Voluntary insurance programs available from private firms or from the government by which an individual may obtain protection against the possibility of loss due to a contingency.

Privity of Contract : The principle that only the parties to a contract are able to receive benefits and incur liabilities under that contract.

Probability : Likelihood that a given event will occur. In statistics the relative frequency of occurrence, Probability varies between O (the loss will not occur) and I (the loss will occur).

1. **Probability**, **Alternative Probability** : Probability of any one of two or more events. If A and B are two events, the alternative probability of either one of them is expressed as "p(A or B)".

2. **Probability, Conditional Probability** : Probability of one event given that another event has already occurred. If A and B are two events, then the probability of A, given that B has occurred, is expressed as "p(A or B)".

3. **Probability,Joint Probability** : Probability that two (or more) events will both (or all) occur. If A and B are two events, the joint probability of both is expressed as "p(A or B)".

Probability Distribution : A listing of all the possible outcomes that might occur and the probability of each possible outcome. The sum of these probabilities must equal 1.

1. **Coefficient of Variation** : The standard deviation divided by mean or the expected value. A measure of the dispersion, scattering or variation of the outcomes in a probability distribution. The larger the coefficient of variation, the less predictable is the future outcome.

2. **Expected Loss** : The average loss in the long run. The expected loss is the mean of the probability distribution of losses, not the mode.

3. **Probability Distribution of Total rupee Losses Per Year** : A listing of all the total rupee losses that might occur in a year and the probabilities of each possible total rupee amount. The two component probability distribution that determine this probability distribution are the probability distributions of (01) the number of occurrences and (02) the rupee loss per occurrence.,

4. **Spatial Probability of Loss** : he proportion of similar units exposed to loss over a given time period that will experience a loss, given a very large number of units exposed.

5. **Theoretical Probability Distribution** : Probability distribution for which a formulae has been developed based on some assumptions about the behavior of the variable. Useful distributions in risk management are the Poisson distribution, the normal distribution, the log normal distribution, the log normal distribution, and others.

6. **Temporal Probability of Loss** : The proportion of similar times during which a unit is exposed to a loss that the loss will occur, given a very large number of times exposed.

Probable Maximum loss (P.M.L.) : Refer : "Loss, probable maximum."

Probate : A court process under which property is distributed and the terms of wills are carried out at the owner's death.

Probation period : The time after beginning date of a Policy during which sickness benefits will not be payable. The purpose of the period, usually 30 days is to eliminate sickness actually contracted before the Policy went into force. Not to be confused with "waiting" or "elimination period."

Processor : One who change the condition of products without changing their fundamental characteristics.

Processor's Policy : Contract of Insurance that protects the Policy holder when the insured property is in another's position for processing, such as dyeing pressing. Goods in State of being delivered to or from the processor are also covered.

Procuration Fee : A fee paid to the introducer of insurance.

Producer : An Agent for an insurance company.

Product (Product Liability Insurance) : For the purpose of Product Liability Insurance product means any tangible goods or property after it has left the custody and control of manufacturers which has been designed, specified, formulated, manufactured, constructed, installed, sold, supplied, distributed, treated, serviced, altered or repaired by/or on behalf of the insured.

Product :Classification of products in accordance with the File and Use guidelines of IRDA : (01) Class Rated (a) Internal Tariff rates products (b) Packaged or customized products. (02) Individual rated products : (a) Individual Experience rates products (b) Exposure rated products and (c) Insurance of large risks.

Product Costing : Product costing is the calculation of the theoretical office premium to be charged for a particular class of business.

Product Failure Exclusion: In products insurance no coverage is provided for a product that does not meet the level of performance, quality, fitness, or durability warranted or represented by the insured. Coverage is provided, however, if liability results from a Bench Error or an Active Malfunction.

Product Liability Insurance : Refer : Liability Insurance, Product Liability Insurance."

Product Linked Insurance Schemes as a source of Insurance Marketing : Of late, Airlines have tied up with Insurers for offering travel insurance to its customers, LPG Distributors for any loss and/or damage due to LPG connection by its customers, Mobile Manufacturers have tied up with insurers for insuring mobiles being sold against theft/accidental damage, Power Companies tied with insurers for offering risk cover against any accident caused due to short circuit to its subscribers and so on. This is a novel concept whereby manufacturer or distributor of a product tie up with an insurance company for offering certain insurance benefits to its customers. The premium is usually paid by the manufacturer or distributor and insurance is offered as an "Add-On" or the insurance charges at a nominal rate are levied in the Sales invoice.

Product Pricing : Product pricing is the determination of the actual office premium. This will take account of current market conditions.

Product Recall Insurance : Insurance which indemnifies the insured for the cost of recalling products known or suspected to be defective.

Products and Completed Operations Liability, CGL : The liability exposure of the manufacturer whose malfunctioning products may cause injury or property damage or of the contractors whose failed structure or projects may do the same. Coverage of the exposure is a feature of the commercial general liability policy. The insurance does not in any constitute a guarantee of either the insured's product or work. Contrast with "premises and operations liability."

Products, Class Rated :(i) Internal Tariff rated products : All rule based underwriting products. Standard products that can be sold by any offices of the insurer with the rates, terms and conditions of cover, including choice of deductible where applicable. Examples are Fire insurance up to a certain sum insured or category of risk limitation, Motor insurance other than fleets, PA other than groups, Health insurance other than groups, Burglary, Fidelity guarantee etc. **(ii) Packaged or customized** : Specially designed for an individual client or class of clients in terms of scope of

cover, basis of insurance, deductibles, rates, terms and conditions of cover. Also, known as Special Contingency products.

Products, Individual Rated : **(i) Individual Experience rates** : Actual claims experience of the concerned insured and his requirements determine the designing of the experience rates products, rates, terms and conditions. Typically insurance with a high frequency but low intensity of loss occurrence. **(ii) Exposure Rated Products** : Where rates, terms and conditions of cover are determined by an evaluation of the exposure to loss in respect of the risk concerned, independent of the actual claims experience of that risk. **(iii) Insurance of large risks** : Designed for individual large clients and where the rates, terms and conditions may be determined by reference to the international markets. As per IRDA File and use large risks are (a) Insurance for a total insured of Rs. 2,500 crores or more at one location for property insurance, material damage and business interruption combined. (b) Rs. 100 crore or more per event for liability insurance.

Products-Completed Operations Hazard, CGL : Refers to bodily injury and property damage that occur somewhere other than the insured's premises, and involve the insured's products or work, subject to the limitations and parameters specified in the Commercial General Liability Coverage forms.

Profession : The word implies professed attainment in special knowledge as distinguished from mere skill. A practical dealing with affairs as distinguished from mere study or investigation, and an application of such knowledge to uses for others as a vocation, as distinguished from its pursuit for its own purposes.

Professional Indemnity (Liability), Standard of Care Defined : Every person who enters into a learned profession undertakes to bring to the exercise of it a reasonable degree of care and skill. He does hot undertake, if he is an attorney, that at all events he shall gain his case nor does a surgeon undertake that he will perform a cure, nor does he undertake to use the highest degree of skill. There may be persons who have higher education and greater advantage than he has but he undertakes to bring a fair, reasonable and competent degree of skill.

Standard of Care, Modified Legal Position : If in the ordinary course of business or professional affairs a person seeks information or advice from another who is not under contractual or fiduciary obligation to give the information or advice, in circumstances in which a reasonable man so asked would know that he was being trusted, or that his skill or judgment was being relied on, and the person asked chooses to give the information or advices without clearly so qualifying his answer as to show that he does not accept responsibility, then the person replying accepts a legal duty of exercise such care as the circumstance require in making his reply; and for a failure to exercise that care an action for negligence will lie if damage results. With respect to Doctors, the law, as laid down by the Supreme Court of India in L.B.Joshi vs. T.R.Bodbole (1968) is : A person who holds himself out ready to give medical advice and treatment impliedly undertakes that he is possessed of skill and knowledge for the purpose. Such a person when consulted by a patient owes him certain duties, namely, a duty of care in deciding what treatment to give or a duty of care in the administration of that treatment. A breach of any of these duties gives a right of action to the patient against doctor of negligence.

Basis of liability is professional negligence which pre-supposes (i) The existence of a duty of care, (ii) A breach of that duty, and (iii) loss or damaged caused by the breach.

Classification of Professional Risks : (i) Where professional negligence may result in bodily injuries (fatal or otherwise). Doctors, dentists etc. fall into this group. (ii)

Where professional negligence may result in financial loss. Accountants, solicitors etc., fall into this group. And (iii) Where professional negligence may result into financial loss and/or bodily injury. Architect etc. fall into this group.

Professional Indemnity (Liability) Insurance : Insurance that protects professionals against liability for errors or mistakes in rendering or failing to render professional services.

Professional Indemnity Policy for Architects, Interior Decorators, Chartered Accountants, Financial Consultants, Management Consultants, Lawyers, Advocates, Solicitors and Counsels, etc.: The Policy will indemnify the insured for legal liability for claims made against the insured for neglect, omission or error on the part of (i) the insured firm (ii) their predecessors in business (ii) any person employed by the insured firm or their predecessors in business in the conduct of the profession. The Policy may be extended to cover liability for loss of documents as also for employees dishonesty.

Professional Indemnity Policy for Computer Services and Software developers' : The Policy will indemnify the insured for loss resulting from insured's wrongful acts. The wrongful acts must be by insured in performance of computer service for others for a fee. The wrongful act must take after retroactive date and before end of the policy period. The wrongful act means actual or alleged negligent act, error omission in the performance of computer services. However, the policy does not cover delay in performance or failure to perform any contract unless such claim is arising out of a wrongful act, liability assumed under any contract or agreement, actual or alleged intentional non-performance or default of any of the insured's contractual obligations.

The Policy may be extended to cover liability for loss of documents as also for employees dishonesty.

Policy may be extended to cover (i) Loss of documents extension covering legal liability arising out of destruction/damage/loss of documents pertaining to insured's customers which have been entrusted lodged or deposited with the insured. (ii) Loss of data extension covering legal liability arising out of destruction/damage/los of data pertaining to insured's customers which have been entrusted, lodged or deposited with the insured. (iii) Dishonesty of employees covering liability of insured from any claim for fraud/dishonesty of any employee of insured (iv) Infringement of intellectual property rights covering compensatory damages for unintentional IPR infringements (v) Technology liability extension to cover hacking, virus attack, denial of service attack.

Professional Indemnity for Doctors and Medical Practitioners : The Policy shall indemnify against claims arising out of bodily injury and/or death of any patient caused by or alleged to have been caused by error, omission, or negligence in professional service rendered or which should have been rendered by the insured or qualified assistants named in the Schedule or any nurse of technician employed by the insured. (ii) **Professional Indemnity for Medical Establishments** :The Policy will indemnify the insured in respect of any act committed by the professionals or qualified assistants named in the schedule engaged by the medical establishment which gives rise to any third party legal liability. Such activities will be part of the declared medical activities of the establishment. The limit of indemnity in respect of any one person would be limited to 25% of the any one year limit under the Policy.

Pro Number : A number assigned by the carrier to a single shipment, used in all cases where the shipment must be referred to. Usually assigned at once.

Professional Reinsurer : Refer : "Reinsurance, Professional Reinsurer"

Profit Commission : Refer : "Reinsurance, Profit Commission"

Profit Loading : The element of the general insurance premium to generate insurance Company profits.

Profit Testing : A term used for evaluating the economic value of contracts using net present value techniques i.e., proposed premium rates are tested by projecting possible levels of future business, claims, expenses, investment experience and profit. The process may be extended to include all business and so form a model office akin to those used in life companies.

Proforma : When used with the title of a document, the term refers to an informal document presented in advance of the arrival, or preparation of the required document, in order to satisfy a customs requirement.

Proforma Invoice : An invoice prepared by the seller in advance of shipment that documents the cost of goods sold, freight, insurance and other related charges. It is often used by the buyer to secure a letter of credit, an import license or a foreign currency allocation.

Prohibited Risk : Exposure or applicant which an Insurer has decided it will not insure under any condition

Project Insurance, Comprehensive (CPI) : Refer : "Engineering Insurance : Comprehensive Project Insurance (CPI)."

Promulgate : (i) To develop, publish and put into effect insurance rates or forms. (ii) to make public, by publishing or announcing , the fact that a statute or rule of court is a legal order or direction enforceable by law, and violation of such is punishable as provided by law.

Proof : The act of substantiating another act, such as a claim for insurance payment.

Proof of Delivery : Add-on-service in express market, delivered either by phone or courier. Often offered free.

Proof of Loss : (i) A form that must be submitted by the insured, except in connection with liability losses, providing information on the nature and extent of the loss and the claims being made by the insured and given to the Insurance Company. The purpose of it is to place before the Company sufficient information concerning the loss to enable it to determine its liability under the Policy or bond.

Property : Property may be defined as anything that can be reduced to exclusive possession. It can be tangible (land, structures and household goods) or intangible (the right to use and enjoy tangible property) and it can be real or personal. (i) Owned Property : An individual obtains the exclusive right to the property its use and enjoyment, the right to transfer by sale and the obligation to pay any debt on the property. Ownership is the highest right an individual can possess in property. (ii) Non owned property : Property that is held in a person's possession but is not owned involves a bailment.

Property Damage : Refers to physical damage to tangible property and to loss of use of tangible property, whether or not physically damaged.

Property Damage Insurance : Covers the insured against claims which arise out of destruction or damage of others property.

Property Damage Liability Insurance : Protection against liability for damage to the property of another, including loss of the use of the property.

Property Insurance : Insurance providing financial protection against the loss of, or damage to, real and personal property caused by such perils as fire, theft, windstorm, hail, explosion, riot, aircraft, motor vehicles, vandalism, malicious mischief, riot and civil commotion, and smoke.

Property Loss Exposures :

1. **Property Loss Exposure** : Exposure to loss from the damage, destruction, or taking of property.
2. **Peril** : the cause of a loss Examples are Fire, windstorms, water leakage andvandalism.
3. **Direct PropertyLoss** : A loss that occurs because property is adversely affected by the fact that some other property is damaged, destroyed or taken by a specified peril. For example, food in a refrigerator spoils when Fire destroys a transformer.

Property Interest : The rights that a business possesses in piece of property; for example, as an owner, representative of the owner, or a secured creditor.

Proportional Reinsurance : Refer : "Reinsurance, Proportional."

Proportionate Benefits : Where, in permanent health insurance, the insured, while totally disabled from following his occupation, is able to earn something in another occupation, the insurance usually provides for payment of benefit proportionate to his loss of earnings compared with his previous average earnings.

Proposal : A person interested in taking out insurance has to make an offer by means of a proposal. This is an application for the cover required, or for obtaining quotations of the premium chargeable.

Proprietary Insurance : An insurance company owned by shareholders.

Proposal Form : A questionnaire prepared by an Insurer to elicit details about proposed Insurance cover. It is a format designed to elicit all information necessary for a proper evolution of the risk and for rating. Questions asked fro according to the type of Insurance. Except in Marine cargo insurance, proposal forms are used in all classes of insurance, in which the proposer is required to answer questions. This form incorporates a declaration to the effect that the answers are warranted to be true and complete and shall form the basis of the contract. A typical declaration is worded as follows :

> "I/We hereby warrant that the above statements and particulars are true and complete, and I/We have not concealed, misrepresented or suppressed any material fact and I/we agree that this proposal and declaration shall be the basis of the contract between me/us and the Company and I am/we are willing to accept the policy subject to the terms, exceptions and conditions prescribed by the Company therein."

Wording may vary among different form but the legal effect of this declaration is to convert representations into warranties, that is to say, any incorrect or inaccurate answers to a question on the proposal form will render the contract voidable at the option of the insurer, irrespective of the fact whether it is material to the risk or not. The answers are required to be literally true and absolutely correct.

Proposer : One who makes an offer to enter into a contract of Insurance - the prospective insured.

Proprietary Companies : Companies owned by shareholders.

Proprietary Insurer : Insurer that has owners who are distinct from its Insureds and which seeks a profit for these owners.

Pro-rata : In proportion.

Pro-rata Apportionment : A division of loss according to the interest of the various companies providing insurance; thus, if Company A has insured the property involved for Rs. 10,000 and Company B has insured the property for Rs. 20,000, Company A will pay one-third of any loss and Company B will pay two-thirds.

Pro-rata Average : The whereby property Insurers are liable only for such proportion of the loss that the sum insured bears to the total values at risk.

Pro-rata Cancellation : Termination of an Insurance contract or bond, the premium charge being adjusted in proportion to the time the protection has been in force.

Pro-rata Clause : A clause in an Insurance contract providing that losses will be paid in the proportion that the amount of the contracts bears to the entire amount of Insurance covering the loss.

Pro-rata Distribution Clause, Pro-rata Liability Clause: A clause that requires each insurer covering a risk to share pro rata any losses, in proportion that its particular coverage bears to the total coverage on the risk.

Pro-rata Premium : The proportion of the original premium or additional premium that the cession bears to the original premium or additional premium that the cession bears to the original line written by the reassured.

Pro-rata Rate : A rate charged for a period of coverage shorter than the normal period. An example, if an insured had coverage for only one quarter of a year, his premium would be only one quarter of the annual premium.

Pro-rata Reinsurance : Refer : "Reinsurance, Pro-rata".

Pro-rata Treaty : Refer : "Refer, Pro-rata Treaty"

Proration : The adjustment of the benefits paid by reason of change of occupation or the existence of other Insurance covering the same accident or disability.

Prosecution : (1) Carrying on activity with a view to accomplishing something. (2) Bringing someone before a court to face an accusation.

Prosecution Clause : A clause in an insurance policy covering loss by dishonesty which obliges the insured, if so required by the insurer, to prosecute the person alleged to have caused the loss.

Prospect : A prospective customer, contestant candidate, application for the purchase of a Policy.

Prospecting : The act of looking for prospects, i.e., potential insurance buyers.

Prospective Rating : A method used in arriving at the rate and premium for a specified future period, based in whole or in part on the loss experience of a prior specified period.

Prospective Rating Plan : A plan which uses a formula for determining premiums for a specified period on the basis, in whole or in part, of the loss experience of the previous period.

Prospective Reimbursement, Health : A system where hospitals or other health care providers are paid annually according to rate of payment which have been established ahead of time.

Prospectus : A proposal form which also details the Insurance cover available.

Protected NCD : A modification to an NCD system whereby a policyholder who has attained high level of NCD may elect to pay an extra premium in order to be able to make claims without losing future entitlement to discount. There may be a specified limit to the number of claims that can be made without affecting the discount, or the insurer may simple reserve the right to withdraw the policyholder's option to continue on protected NCD.

Protected Risk : A property risk which is within the geographical area protected by a fire department.

Protection : The safeguarding against loss provided under the terms of the Insurance Policy, and is known also as coverage.

Protection and Indemnity Association : A mutual organization of ship-owners to cover losses not insured under marine Insurance.

Protection and Indemnity clause : A clause in a marine Insurance contract affording protection and indemnity Insurance.

Protection and Indemnity Insurance (P&I) Club : Protection and indemnity insurance, more commonly known as "P&I" insurance, is a form of mutual maritime insurance provided by a P&I Club. Whereas a marine insurance company provides "hull and machinery" cover for ship-owners, and cargo cover for cargo owners, a P&I Club provides cover for open-ended risks that traditional insurers are reluctant to insure. Typical P&I cover includes: a carrier's third-party risks for damage cause to cargo during carriage; war risks; and risks of environmental damage such as oil spills and pollution. In the UK, both traditional underwriters and P&I clubs are subject to the Marine Insurance Act 1906.

A P&I Club is a mutual insurance association that provides risk pooling, information and representation for its members. Unlike a marine insurance company, which reports to its shareholders, a P&I club reports only to its members. Originally, P&I Club members were typically ship-owners, ship-operators or demise charterers, but more recently freight forwarders and warehouse operators have been able to join.

Whereas the assured pays a premium to an underwriter for cover which lasts for a particular time (say, a year, or a voyage), a P&I Club member instead pays a "call". This is a sum of money that is put into the Club's pool, a kind of "kitty". If, at the end of the year, there are still funds in the pool, each member will pay a reduced call the following year; but if the Club has made a major payout (say, after an oil spillage) club members will immediately have to pay a further call to replenish the pool.

The International Group of P&I Club (based at Peek House, London) comprises 13 clubs, which provide P&I liability cover for approximately 90% of the world's ocean-going tonnage. These Clubs cooperate to provide funds in the event of huge claims using a complex system to determine liability.

Protection and indemnity Insurance : Insurance for a ship-owner against liability for loss of life, illness or injury to the passengers or crew, and liability for property damage to the cargo, piers, docks or other shore property, caused by the insured's negligence. Refer : "P&I club."

Protection and Indemnity Risks : Certain risks have in the past not always been readily insurable in the marine insurance market and ship owners have formed mutual associations (clubs) to cover them. Protection risks include quarantine expenses, liabilities to crews, and collision and impact damage, wreck removal expenses and liability under towage contracts, liability for damage to other vessels apart from collision, etc. Indemnity risks include ship owners' liability for cargo lost or damaged, fines for inadvertent immigration or customs offences etc.

Protection and Removal Costs, Motor : If the motor vehicle insured is disabled by reason of loss or damage covered under the policy, the insurer will bear reasonable protection and removal to the nearest repairers and of re-delivery to the insured but not exceeding the amount stipulated in the policy in respect of any one accident.

Protection Class : The grading of fire protection, determined by the grading Schedule.

Protection of Policyholders' Interests Regulations, 2002, IRDA : The regulations are intended to ensure, among other things, that insurance is provided on equitable terms and conditions. The rights of policyholders to make informed choices regarding the selection of insurance products and service providers need to be respected and preserved. The regulations lay down various stipulations to be followed by insurance companies with regard to (i) point of sale (ii) proposal for insurance (iii) grievance redressal procedure (iv) matters to be stated in a life insurance policy (v) matters to be stated in a general insurance policy (vi) claims procedure in respect of a life insurance policy (vii) claims procedure in respect of a general insurance policy (viii) policyholders servicing and (ix) other general guidelines. The guidelines provides a transparent operations and declarations, time limits and penalty in case of failure / non-adhering to guidelines.

Protective Liability Insurance : Provides against claims which may arise out of secondary or indirect responsibilities : such as association with independent contractors.

Protest : Customs allows for a refund of an over payment of duty if filed within 90 days of liquidation.

Protracted Default : Credit Insurance protects the creditor against non-payment of a sum due, whether the nonpayment arises from insolvency on the part of the debtor or his failure to pay over a substantial period, usually 90 days after due date. This latter is called protracted default.

Provision for unexpired risks : Amount set aside on the balance sheet in addition to unearned premiums with respect to risks to be borne by the insurance undertaking after the end of the financial year, in order to provide for all claims and expanses in connection with insurance contracts in force in excess of the related unearned premiums and any premiums receivable on those contracts.

Provisional Advice : An early advice to a Reinsurer which is to be followed by a definite advice when accurate details are available.

Provisional Premium : Refer : “Premium, Deposit Premium.”

Provisional Rate : Tentative rates, premiums or commissions that are subject to subsequent adjustment.

Provisions : (01) The terms or conditions of an insurance policy. (02) The practice among accountants is to apply the term provisions to the amounts set aside to provide for liabilities assumed to exist at the accounting date, and to apply the term reserves to amount available to meet liabilities that may arise after that date. Among actuaries and among practitioners of general insurance it has been widespread practice to apply the term reserve to both categories.

Provisions : The terms or conditions of an insurance policy.

Proviso : A condition inserted in a contract on the observance of which the validity of the contract depends.

Proximate Cause : The immediate or actual cause of loss under an insurance policy. Refer : "Cause, Proximate."

Pseudonym : An abbreviation or combination of letters used in Lloyd’s practice to identify a broker or underwriting syndicate.

Public Adjuster : An adjuster who represents the insured in settling a claim for loss covered by an insurance policy.

Public Authority Clause : A clause in a Fire insurance policy providing for the extra cost in rebuilding premises of meeting the requirements of public authorities.

Public Carrier : Refer : "Carrier, Public."

Public Liability Insurance : The Policy provides an indemnity in respect of legal liability for accidental death or bodily injury or accidental damage to property of the parties, arising out of the negligence of the insured or his employees or through defects in the insured's premises or other property owned by him. Legal costs are also payable under the Policy.

Public Nuisance : As per Sec. 268 of the Indian Penal Code a person is guilty of a public nuisance who does any act or is guilty of an illegal omission, which causes any common injury, danger or annoyance to the public or to the people in general who dwell or occupy property in the vicinity, or which must necessarily cause injury, obstruction, danger or annoyance to persons who may have occasion to use any public right. A common is not excused on the ground that it causes some convenience or advantage.

Public Official Bond : A surety bond under which the company (surety) guarantees that the principal (public official) will faithfully perform his official duties and will account for all funds entrusted to his care.

Punitive Damages : Refer : "Damages, Punitive."

Pure Indemnity : In Marine insurance indemnity as provided by the Marine Insurance Act for unvalued policies e.g., in the case of total loss of hull, the actual market value of the vessel. (In practice a valued policy is always issued).

Pure Loss Cost Ratio : Refer : “Reinsurance, Pure Loss Cost Ratio.”

Pure Premium : Refer : "Premium, Pure Premium."

Pure Premium : Refer : “Premium, Pure Premium.”

Pure Premium Present Level : The pure premium component of experience adjusted to reflect pure premium underlying current premium rates.

Pure Premium Rate : The portion of the premium rate representing projected losses with or without LAE or ALAE.

Pure Risk : A situation where unknown future outcomes involve only losses. Contrast with “Speculative Risk”.

Pure Risk : The uncertainty of a peril that can produce only a loss, should the event occur.

Pure Risk Exposure : An exposure in which the only possible outcomes are losses or no loss. A gain is not possible.

Putrefaction : Breaking of emulsion in paint is also called putrefaction.

Pyramiding : (i) A term sometimes applied to an alleged practice of some consumer credit organization under which lenders add new credit insurance coverage for consolidation loans without cancelling the old, thus producing a situation of over insurance for the amount of the loan outstanding. (ii) The term also applies to Liability insurance where the limits of liability in several policies may apply, and, in effect, “pyramid” into higher amounts of insurance being available than was originally intended.

Pyrolysis : The chemical decomposition of matter through the action of heat.

Q

Qualifying Event : An occurrence that triggers an insured's protection.

Quantum : Latin for amount. Where an insured or reassured makes a claim it must first be established whether the insurer or reinsurer is legally liable to pay the claim (i.e. it must be shown the relevant loss is covered under the insurance or reinsurance). If the insurer or reinsurer is liable to pay the claim it must then be established how much is the insurer must pay. For example, there may be deductions for an excess, under insurance or depreciation**.**

Quantum Meruit : A much as he has earned. When a contact comes to a premature end a person who has performed services under it may be entitled to a payment for what he has done (*quantum meruit*) even though his performance under the contract has not been completed.

Quasi Contract : A legal doctrine for situations in which there is no specifically drawn contract. It prevents unjust enrichment or injustice by treating the situation as if a contract actually had been in effect.

Quay to Quay : The period of cover given under a Marine cargo policy which attaches as the goods are lifted from the quay at the port of loading and terminates when they are freed from the ship's tackle or landed from craft at the port of destination

Qui Facet per alium Facet per se : He who acts through another is deemed to act in person.

Quick Assets : Assets that are quickly convertible into cash.

Quick Liquidity Ratio : Quick assets divided by net liabilities plus ceded reinsurance balances payable. Quick assets are defined as the sum of cash, unaffiliated short-term investments, unaffiliated bonds maturing within one year, government bonds maturing within five years and 80% of the unaffiliated common stocks. These assets can be quickly converted into cash in the case of an emergency.

Quid Pro Quo : "This for that." Used in Employee's compensation to describe the rights and responsibilities exchanged between employers and employees.

Quota Share (Treaty) Reinsurance : Refer : "Reinsurance, Quota Share Treaty"

Quota Share Insurance : Property insurance which shares according to some percentage, or quote, with other policies covering the same risk.

Quota Share Reinsurance : Refer : "Reinsurance, Quota Share"

Quotation : A statement of the premium that an underwriter requires to underwrite an insurance/ reinsurance risk based on the information supplied by the person seeking cover, either directly or via their broker. A quotation may be conditional, e.g., it may be subject to the provision of further information, or not. If a quotation is accepted before it is withdrawn, then subject to the satisfaction of any conditions that may attach to the quotation, an insurance/reinsurance contract will be made.

R

"Reasonable Man" Test : Under common law, or as defined by statutes applicable to particular situations, a standard of conduct that is sufficient to precluded liability. the "reasonable man" test is most frequently applied in situations involving alleged negligence.

Rabbit Insurance : Policy shall cover all breeds of Rabbits in the age group of 3 months to 3 years against death of rabbits due etc accident and / or diseases contracted during the period of insurance. Exclusions as per Cattle Insurance.

Radiant Heat : Heat energy carried by electromagnetic waves that can pass through gauges without warming them, but that increases the temperature of solid and opaque objects.

Radioactive Contamination Insurance : Coverage which may be added for a Property policy to cover certain risks where there is neither a nuclear reactor nor nuclear fuel on the premises but which might occasionally be exposed to contamination damage from other material on the insured's premises. Liability losses caused by nuclear reaction and radioactive contamination are excluded from most insurance contracts and are usually covered under policies issued by pools created for this purpose.

Radius of Operation : Usually used to determine rates for Motor Insurance. Beyond a certain number of miles in radius the rate is increased. Use confined to own premises for all classes except as otherwise prohibited and use confined to sites for goods carrying vehicles attract discounts in premium.

Railroad Protective Liability : A Protective Liability coverage written in favour of a railroad on behalf of those who are conducting operations on or adjacent to railroad property.

Railroad Subrogation Waiver Clause : A provision in a property insurance policies that the contract shall be valid even though the insured has an agreement with the railroad waiving subrogation against the railroad. Usually used in connection with a railroad sidetrack agreement.

Railroad Travel Policy : A form of an accident insurance policy sold in railroad stations by ticket agents or by vending machines or being forming part of journey ticket .

Rain Insurance : Insurance against loss caused by a measured amount of rainfall within stated period of time. Protects against loss of expenses incurred or loss of income expected caused by reduction of patronage of sales or other events by rain, hail, snow or sleet.

Rajrajeshwari Mahila Kalyan Bima Yojana : The scheme is introduced to cover all cross sections of women in the age group of 10-75 of 10-75 years irrespective of their income, occupation or vocation. The Scheme would cover death and/or disablements to women arising out of all types of accidents as defined below : (a) Permanent Total disablement - Rs. 25,000 (b) Loss of one limb and one eye or loss of both Eyes and/or loss of both limbs - Rs. 25,000 (c) Loss of one limb/sight in one eye - Rs. 12,500. In the case of unmarried woman the policy will be extended to cover the death due to accident in which event compensation of Rs. 25,000 will be payable to the; nominee or legal heir. In the case of married woman the policy will be extended to cover the death of the Insured's husband arising out of accidental death in which event the compensation of Rs. 25,000 will be payable to the wife only. In the event of

wife predeceasing the husband or in the event of simultaneous death of both the husband and the insured wife no compensation shall arise under this extension.

Rajrajeshwari Mahila Kalyan Bima Yojana can be further extended to cover additional risks on payment additional premium: (a) Temporary Total disablement arising out of an accident defined herein above and resulting in hospitalization as an impatient resulting in total disability to engage in any occupation or work or employment - Rs. 500 per month subject to a maximum of Rs. 1,500 (b) Legal Divorce : Actual legal expenses necessarily incurred for legal divorce proceedings initiated during the currency of the policy and incurred during the currency of the policy or during renewal of the policy but once in life time of the insured and provided the expenses shall be reimbursed only on obtaining divorce decree - Actual not exceeding Rs. 2,000 (c) Loss and or damage to household goods/personal effects whilst contained in house/dwelling arising out of fire, lightning, riots, terrorism, storm, typhoon, flood, cyclone and earthquake – Rs. 2,000/-

Random Sampling : Selecting individual items from a large group in such a way that every individual item has the same chance of being included in the same group.

Range : The extent of classes of property covered by a policy or of the situation(s) at which it is covered.

Ransom : Refer : "Kidnap and Ransom".

Rashtriya Swasthiya Bima Yojana (RSBY) : Refer "Health Insurance, Rashtriya Swasthiya Bima Yojana (RSBY)."

Rate : Refer : "Reinsurance, Rate".

Rate : The cost of a unit of insurance.

Rate Cards : Cards prepared by rating bureau stating the premium rate and related information on properties.

Rate Credit (or Deficiency) : Reduction (or increase) in the premium rate charged and insured under a schedule rating plan. Refer : "Rating, Schedule Rating."

Rate Discrimination : The use of different rates for insureds or risks of the same class and general characteristics. Rate discrimination is prohibited by IRDA.

Rate Making : The process of developing pricing structures for insurance.

Rate Manual : A manual containing rates for various coverage, information and instructions for field underwriting, insurer's rules for the guidance of agents and similar other risk acceptance guidelines.

Rate on Line : Refer : "Reinsurance, Rate on Line"

Rate Regulatory System : (i) Open Competition Laws / No filing laws : There is no requirement to file rates or policy wordings as the regulator relies on market competition to act as a self-regulating mechanism preventing insurers from over-pricing or dominating the market, such as UK Insurance market. (ii) Prior approval : Policy Forms and rates must be filed and approval obtained by the Insurance Regulatory before the same could be used in the market. The regulators assess the reasonableness of the documents filed against the standard benchmarks. In case there are any policy provisions which do not comply with the regulatory requirements, or other regulations in force, or the product does not appear to be

creating the desired value to meet the specific needs of each entity in the value chain, the regulator returns the documents and advises the insurers to modify it. (iii) File and Use (F&I) : The insurers are required to file their rates with the regulator before they go into effect; prior approval is not required. However, the regulator has the authority to comment o the rates before they are used, or can disapprove the rates. (iv) Deemed Approval : Both under Prior approval and File and use systems a prescribed period of time is stipulated for the regulator to take a decision either for approval or disapproval. The product would be deemed to be approved if the regulator does not respond to the insurer within the set time limit. (v) Use and File : There is no need to file rates in advance and the system allows the companies to use the rates before they are filed. But the rates must be filed within a specific period after they have been put to use. The system also allows the regulator to subsequently disapprove the rates/policy forms in case they fail to comply with the statutory / standard requirements. (vi) Flex rating regulation : It is a law prevailing in the US insurance market under which insurers are required to obtain prior approval for rates that exceed a certain percentage above or below the rates previously filed. Here, floor rates can be fixed based on Minimum Loss Ratio Requirements.

Rateable Proportion : The sharing of losses between contributing Insurers in proportion to the sums insured.

Rated Policy : An insurance policy issued at a higher than standard premium rate to cover the extra risk involved in certain instances where the insured does not meet the standard underwriting requirements; for example, impaired health or a particularly hazardous occupation.

Rated Up : Term applied to an insurance where the premium is higher than the norm.

Ratemaking : The process of establishing premium rates used in insurance or other risk transfer mechanisms.

Ratification : Confirmation, as where a principal adopts as binding on him the act of another which was done on his behalf though without the principal's previous authority.

Rating : Any procedure used to compute the premium rate which a particular insured or class of Insureds is charged for a given coverage.

Rating,Basis of : The collection of assumptions used to associate the risk premium with the characteristics of the risk being insured.

Rating, Bureau : An organization that develops rates based on the pooled experience of its members and subscriber. The rates may be only advisory, or members may be required to adhere to these rates.

Rating, Class : A rating method under which the rate depends upon a set of characteristics that define a class. for example, a Fire resistant building with an approved roof used as a small office building in a community with excellent Fire, wear and Policy facilities. In India, Motor and fire tariff are the best examples of class rating method where all the risks are classified into particular categories or classes and rates accordingly. Motor Tariff : All Honda City vehicles in Mumbai will be assigned a single rate. Fire Tariff : All cement manufacturing units will be rated as a single unit.

Rating, Composite : To rate large complex risks and where detailed inspect ion and audit is carried out. Instead of rating different coverage using different exposure basis, all applicable coverage are rated using one, composite exposure base. The composite rate is used to determine the deposit premium based on the estimated composite

exposure base and the final premium is based on the inspected/audited composite exposure base.

Rating,Experience : A rating method under which the insured's rate depends at least in part on the insured's own prior loss experience. It takes both claim size and claim frequency into account. In determining the quantum of the rate change, the actual loss experience may be modified for considering exposure changes not reflected by earlier experience. Thus the loss history is used to draw conclusions about the future loss possibility.

Rating, Exposure : To estimate proportion of the loss for the underlying policy that is expected in the entire portfolio. The primary reason for going for this type of rating approach is the general lack of credible risk data of exposures, premiums and claims with the insurer or in the entire market. To circumvent this limitation on a logical and systematic basis, the rating approach tries to correlate and extrapolate the data of similar risks for arriving at the rate. Usually the insurer identifies the most important identifiable risk factors which can produce a loss and the premium rating is done by giving different weightages to each of the identified risk factor. Then a basic rate is arrived at by taking the premium rate for similar risks in other markets and each of the identified factor is superimposed on this basic rate by giving a discount or applying loading based on the nature of the risk factor being rates. It is used where there is no (or insufficient) representative claims experience available to calculate the burning cost.

Rating, Factor : A factor used to determine the premium rate for a policy, which is measurable in an objective way and related to the intensity of the risk. It must, therefore, be a risk factor or a proxy for a risk factor or risk factors.

Rating, Gross Premium : Pure risk premium is loaded for expenses, inflation, commission, etc., to arrive at the gross premium that is charged to the customer. (Gross Premium = Pure Risk Premium+ Loading).

Rating,Individual Risk : Any premium rating system which assigns specific premium rates to each individual insured or exposure, rather than assigning a class or manual rate. Individual rating is usually based on the class rating method, but the difference is that the premiums are adjusted according to the actual losses of the individual customers. The primary goal of individual risk rating is to price the coverage provided more accurately than if the rates were based only on manual or class rates.

Rating, Loss Ratio Method : Premium is adjusted on the basis of actual loss experience of the insurance company. Loss Ratio = (Losses + Loss Adjustment expenses) over the premium charged.

Rating, Manual Rate : Premium rate specified in a Insurer's or rating bureau's manual for a particular line of Insurance.

Rating, Marine Hull Rating, Indian Market : A number of factors influence the rating of ships. The marine hull insurance business in India is detariffed and, hence, market-driven. The main factors that are taken into consideration in the underwriting and rating of hull risks are: Type and Physical Parameters of Vessels • Tanker, Dry cargo Vessel, Fishing Vessel, Dredger, etc. • Construction such as steel built, wooden construction, etc. • Age • Tonnage (GRT & DWT) / Engine power (BHP) • Method of Propulsion – single engine, double engine, dumb, etc. • Single bottom, double bottom, etc. SUM INSURED Indian Law permits Quarterly Installment facility to marine hull policies @ 25% of annual premium for time policies of minimum 12 month validity. Similarly, Builder's risk policies are also eligible for installment facility, but only when the period of construction is 12 months or over and subject to the provisions of

Premium Payment Regulations which, inter-alia, stipulates that the First installment should be 5% more than the rest. RATING Trade of the Vessel • Operation carried on – Fishing, Towing, Dredging, etc. • Nature of cargo carried – Dry/bulk, crude, acid, etc. • Trading Routes and Navigational Limits, weather condition, etc. Trading Warranty is introduced in the policy for insurance of ships clearly defining the geographical area in which the ship is permitted to navigate. In the absence of such warranty, the ship is at liberty to navigate anywhere worldwide increasing the risk exposure and degree of hazard. The Institute Warranty (IWL) dated 20.7.87 is normally used for all ocean-going ships. IWL breaches can be covered at additional premium paid in advance. Ownership • Fleet Characteristics, Size and Management • Fleet Claims Experience Classification : Seaworthiness, quality of maintenance, etc. Flag and Registry of the Vessel : Flag of Convenience (FOC) or not. Condition of Insurance : TLO or wider cover, P&I cover, etc. Sum Insured vis-à-vis Valuation of the Vessel. [2] GRT or Gross Registered Tonnage of a ship refers to the cubic capacity of all enclosed spaces. NRT or Net Registered Tonnage is the tonnage is obtained by deducting from the gross tonnage spaces for crew, ballast tank, chain space, workshop, etc. This parameter is used for rating cargo carrying ships. [3] BHP or Brake Horse Power refers to the power of the propulsion machinery and is used rating tugs.

Rating, Market Agreement, Indian General Insurance market : Market agreement is a gentlemen's agreement entered into by the 04 Public Sector Insurers under the guidance and supervision of GIPSA, It has no legal backing as it is not concluded under any law. Likewise the classes and types of Insurance brought under the market Agreement are to be underwritten by all the companies on the same basis with equal seriousness as a tariffed class.

Rating, Merit: Rating system, used in several forms of Insurance but most commonly in automobile Insurance, under which an insured's premium varies depending on each insured's loss record. Usually similar to individual rating.

Rating, on-Tariff : Some of the classes of business which neither falls within the scope of tariffed class nor within the purview of any market Agreement are rated by the individual companies based on their own experience and on the basis of one or another rating method discussed here.

Rating, Open: A type of rate regulation under which the regulator relies primarily upon competition to keep rates reasonable adequate, and not unfairly discriminatory.

Rating, Plan : A formal system for establishing individual insured's premium that recognizes individual risk characteristics.

Rating, Process : The steps used to determine a premium rate for a particular group based on the amount of risk that group presents.

Rating, Prospective Experience : Prospective systems use past experience so as to determine the rating for the future.

Rating, Pure Premium : The pure risk premium is the product of claim frequency and claim severity per unit of exposure. Hence, pure premium can be calculated as follows ….

$$\textbf{Pure Premium} = \frac{\text{Actual Loss + Loss Adjustment Expense}}{\text{Number of Exposure Units}}$$

Rating, Retrospective : A rating method under which the insured's premium depends upon the insured's own loss experience subject to minimum and maximum premium

constraints. Usually used in Group Mediclaim and Group Personal Accident Policies. In a similar yet different approach a provisional premium is paid at the beginning of the policy period and at the end of the period a final premium is computed based on the actual loss experience during the period. It is also widely used for Workmen's (Employee's) Liability Insurance, Liability Insurance policies, Motor Act only Policy, Property damage and Burglary Policy for large firms.

Rating, Schedule: A more refined version of class rating in which the rate depends upon a more detailed analysis of the exposure's characteristics, Schedules vary in the degree of flexibility they permit the person determining the rate.

Rating, Tariff, Indian General Insurance market : Under the Insurance Act of 1938 a Tariff Advisory Committee (TAC) was constituted which decides the terms, conditions, rates, Policy forms and proposal forms for certain class or type of Insurance,. The Tariffs laid down terms, conditions, warranties and rates of premium applicable for the type of cover required. Policies were issued in accordance with the provisions of the respective Tariffs. TAC was consulted if there were any doubts in underwriting. However, consequent upon opening of market the IRDA directed the Indian insurers to follow the terms and conditions prescribed in the Tariffs, though, they are free to charge their own premium rates and apply deductibles at their discretion. However, Motor Act only premium rates are still decided by IRDA on annual basis keeping in view the market fluctuations and claims experience.

Ratio : A ratio can be defined as a numerical relationship between two numbers expressed in terms of (a) proportion (b) rate (c) percentage. It is also defined as a financial tool to determine and interpret numerical relationship based on financial statement. It is also defined as a statistical yard ship that provides a measure of relationship based on financial statement. It is also defined as a statistical yard ship that provides a measure of relationship between two variable or figures.

Ratio Analysis : It is one of the important financial tools of appraisal of financial condition, efficiency and profitability of business. It is useful from following objects (i) short term and long term planning l(ii) measurement and evaluation of financial performance (iii) study of financial trends (iv) decision making for investments and operations and (v) diagnosis of financial ills.

Ratio Decidendi : The principle of law on which a judgment in a lawsuit is based.

Ratios Audit: Ratios derived from an Insurer's financial statement that are useful in assessing its financial strength. Audit ratios are part of the Insurance regulatory information system.

Ratios Policyholder Surplus : the difference between an Insurer's assets and its liabilities divided by its liabilities. One measure of an Insurer's financial strength.

Reaction to Risk : How one behaves in a situation where the future is unknown.

Realty : All interests in land other than leasehold interests.

Reasonable and Customary Charges : The charge for medical services which refers to the amount approved by the TPA or Insurer for payment. Customary charges are those which are most often made by a provider for services rendered in that particular area.

Reasonable Despatch : Under marine Insurance contracts it is a condition of the transit Insurance that the assured shall act with reasonable despatch in all circumstances within their control.

Reasonable Precaution Clause : A clause found in various classes of insurance policies that requires the insured to take reasonable precautions to guard against the occurrence of a loss.

Reassured : Refer : “Reinsurance, Reassured”

Rebate : A deduction taken from a set payment or charge. As a rebate is given after payment of the full amount has been made, it differs from a discount which is deducted in advance of the payment. In foreign trade, a full or partial rebate may be given on import duties paid on goods which are later re-exported.

Rebating : Generally illegal practice, by an Insurer's representative, or returning to an insured a portion of a commission or any other valuable inducement to buy Insurance from that representative.

In India every proposal form for general Insurance business contains the following text : "Prohibition of rebating

Your attention is respectfully invited to Sec. 41 of the Insurance Act 1938 which reads as follows :

> 01. No person shall allow or offer to allow, either Directly or indirectly as an inducement to any person to take out or renew or continue an Insurance in respect of any kind of risk relating to lives or property in India, any rebate of the premium shown on the Policy, nor shall any person taking out or renewing or continuing a Policy accept any rebate, except such rebate as may be allowed in accordance with the published prospectuses or tables of the Company.
>
> 02 Any person making default in complying with the provision of this section shall be punishable with a fine which may extend to five hundred rupees.:"

Rebating Arrangements : Liner shipping : Deferred Rebate System : A shipper who utilizes exclusively the vessels of the member lines of the conference for carriage of cargoes between the ports covered by the conference, will receive a rebate of a certain percentage (usually 10%) of his freight payments.

The rebate is computed for a designated period (shipment period) usually three to six months but is paid after a period (deferred) period) of the same length following the shipment period, on the condition that the shipper has given his exclusive support to the conference lines, both during the shipment period, and the deferred period.

Rebating Arrangements : Liner shipping : Dual Rate System : If the shippers sign contract with the conference, providing it within their exclusive patronage, then they get the benefit of rates lower than the rates applicable to non-contract shippers.

Rebating Arrangements : Liner shipping : Facility for Dispensation : Where the conference ships are not available but non-conference vessels are available, the shippers have to obtain dispensation from the conference for shipping by non-concerned will not be deemed to be a defaulter and he shall be able to claim rebate due to him.

Rebating Arrangements : Liner shipping : Immediate Rebate System : here contract shippers are given cash or immediate rebate (usually 9½% of freight on payment of their cargoes. This procedure helps shippers in obtaining their rebate straightaway, without blocking such money as in deferred rebate system. The rates of rebate may vary from conference to conference.

Recall of Products Insurance : Refer : “Products Recall.”

Recapture : Refer : **"**Reinsurance, Recapture**"**

Recapture of Products : Refer : "Products Recall."

Receipt : An acknowledgement of the payment of money.

Receiver : One appointed to manage property or receive he income of another.

Recidivism, Health : The term refers to how often a patient returns to an inpatient hospital status for the same reason.

Recipient Location: A location which accepts the insured's products or services. One of the four types of dependent properties for which Business Oss of Profit overage may be underwritten

Recipient Property : Entity that is an important customer or recipient of the output of another entity. A recipient property is the counterpart of a contributing property and can be the subject of contingent business interruption Insurance carried by the entity which supplies the recipient property. Refer : "Contributing property."

Recipient, Health : Anyone designated in Mediclaim Policy to receive Medical Benefits.

Reciprocal : A form of insurer owned by policyholders who exchange coverage with each other; commonly found in the field of automobile insurance.

Reciprocal Exchange : An association of individuals who agree to exchange insurance risks – each member of the association insures each of the other members and in turn is insured by each of the other members.

Reciprocal Insurance : A practice followed in some Insurance markets. Insurance provided by subscribers at a reciprocal exchange. Each subscriber agrees to become liable for his share of the losses and expenses of all subscribers and authorizes the attorney in fact to effect his exchange of Insurance with the other subscribers. A separate account is often maintained with each subscriber, to which are credited his premiums and his share of other income, and to which are debited his share of losses and other disbursements.

Reciprocal Insurance Exchange : Refer : "Reinsurance, Reciprocal Exchange."

Reciprocity : Reciprocal Exchange. Refer : "Reinsurance**,** Reciprocity."

Recital Clause : Refer : "Preamble Clause."

Recommendations : List of suggested changes that are proposed by an inspector for assessment of the loss potential. Adoption of the recommended changes can result in lower premiums.

Reconditioning Charges : Charges incurred by an insured to recondition damaged cargo and so minimize a loss.

Recourse Indemnity : Indemnity to an exporter against the risk of a buyer failing to pay for plant and equipment on the ground of alleged failure or defects and to a lender against the risk of an exporter's insolvency.

Recovery : An amount collected by an Insurer from a third party who was responsible for the loss in respect of which the Insurer had paid a claim. Recoveries may be made

from several different sources, e.g., reinsurers, other insurers, salvage, liable third parties.

Recovery Agencies : After a claim is settled, the insurer by virtue of the Letter of Subrogation gets all the rights and remedies which are available to the assured against third parties. The main right herein is recovery of the loss amount from the carriers. To avoid complexities of law the insurer usually engage the services of Recover Agencies who often work on a NO CURE, NO PAY basis as far as recovering from trucking companies are concerned. Recoveries from an airline is usually easier. In large cases however especially with shipping companies and in case of truck hijacks recovery suits need to be filed for which the services of lawyers are utilized. Some Companies have started having their own separate recovery departments.

Rectification : Correction of a mistake made in drawing up a written contract.

Recurrent Disability : Disability resulting from the same or a related cause as a prior disability.

Recurring Clause : A provision in some health insurance policies, which specifies an period of time during which the recurrence of a condition is considered a continuation of a prior period of disability or hospital conferment.

Recurring Disease : A disease characterized by recurrence such as malaria.

Red Clause Letter of Credit : A letter of credit that allows the exporter to receive a percentage of the face value of the letter of credit in advance of shipment. This enables the exporter to purchase inventory and pay other costs associated with producing and preparing the export order.

Redemption : Paying off a loan and therefore recovering the security, such as a mortgage.

Red-Lining : Discriminating unfairly against a risk solely because of its location. An example would be refusing to insure a risk because the building is located in a depressed area or location. Sometimes these areas are referred to as blackout areas.

Reduction of Risk : Taking steps to reduce the probability or severity of a possible loss. For example, installing alarms and sprinkler system to reduce the risk of fire loss to a building. One of the four major risk management techniques.

Reduction, Health : A decrease in the benefits in a Health insurance policy because of a specified conditions. For example, benefits may be reduced because a disability is caused by a specific condition.

Reference : Refer : "Arbitration."

Referral Arrangement : An arrangement between a referral company and an insurer in terms of an agreement under IRDA (Sharing of Database for Distribution of Insurance Products Regulations, 2010) whereby the agreement provides for sharing of the database of the customers of the referral company but does not include the soliciting or sale, directly or through an agent, corporate agent or an insurance intermediary including a micro insurance agent of an insurance product.

Referral, Health : Occurs when a physician or other health plan provider receiver permission to consult another physician or hospital.

Referral, Provider, Health : The person or provider to whom a participating provider has referred a member of the Plan.

REFG. : Refrigerating; Refrigeration

Reformation : It occurs when the court corrects a mistake made by both parties or a mistake made by one party coupled with fraud by the other. The court reforms the contract to express the original intention of the parties.

Regional Committees : The Tariff Advisory Committee has constituted Regional Committees by drawing members from among the underwriters of the subsidiary companies. The duties of the Regional Committees are to (i) advise the TAC on matters relating to fixation of rates, terms and conditions etc. for risks in its region which may be referred to it by the TAC. and (ii) perform such functions as may be delegated to it by the TAC.

Regional Office : A sub-office which is equipped to handle all Divisional and Branch Offices in a particular territory or region. Also, known as a Zonal Office.

Register of Shipping, Indian : Refer : "Indian Register of Shipping."

Registered Mail Insurance : Protection against loss of money and securities while in transit via registered mail. Insurance covers loss of certain types of intangible property while in charge of the post office department as registered mail Insurance can be obtained through postal authorities or through other Insurers.

Registered Tonnage : Refer : "Tonnage, registered."

REGS. : Registered Tonnage

Regular Health (Mediclaim) Insurance : A Health or Mediclaim insurance that covers physicians services other than surgical procedures, such as doctor calls.

Rehabilitation : Process by which a disable person is aided to recover maximum effective function in all personal activities.

Rehearing : A second hearing by a court. Its purpose is to call the court's attention to an error or omission which may have occurred in the court's first consideration of the claim.

Reimbursement : The payment of the expenses actually incurred as a result of a accident or sickness, but not to exceed any amount specified in the policy.

Reimbursement Benefits : The actual expenses incurred by the insured such as medical,, nursing, and hospital treatment, Reimbursement benefits are in contrast to indemnity benefits, which pay a stated amount for whatever disability or injury they cover without regard to the cost to the insured.

Reinstatement : (i) Restoration, automatically or on application of the full amount of a Policy contract following a loss; in some cases additional premium is required. (ii) The restoration of damaged property to its original condition or, in some cases, replacement by a new property.

Reinstatement Premium : Premium to reinstate the sums insured which has been eroded by claim payments.

Reinstatement Value Clause under Standard Fire and Special Perils Policy: In the event of the property specified being destroyed or damaged the basis upon which the amount payable is to be calculated shall be cost of replacing or reinstating on the

same site or any other site with the property of the same kind or type but not superior to or more extensive the insured property when new as on date of the loss subject to (i) work of replacement must be completed within 12 months or within such further time not exceeding 12 months if agreed by insurers (ii) Until expenditure has been incurred by the insured in replacing or reinstating the property the company shall not be liable for any payment in excess of the amount which would have been payable if this clause was not incorporated in the policy. (iii) Subject to average as specified (iv) This clause is not applicable if the insured fails to intimate to the insurer within 6 months from the date of destruction or damage or such further time as insurer may in writing allow his intention to replace of reinstate the property destroyed or the insured is unable or unwilling to replace of reinstate the property destroyed or damaged.

Reinsurance : The practice of insuring again. One of the functions of the Direct Insurance is to spread the loss so that the losses of the few who have claims will be carried by the many insuring that type of risk. Reinsurance further spreads the risk so that the Insurers of the few who have claims will be protected from individual heavy losses by the Reinsurance market meeting a substantial part of the claim. The Company with which the public insure is called a Direct or Ceding office and the Company accepting business from the Ceding office is called a Reinsurer. Reinsurance ceded is the unit of insurance transferred to a reinsurer by a ceding company. In India, Reinsurance of General Insurance is being governed by IRDA General Insurance – Reinsurance Regulations, 2000.

Reinsurance, Admitted Reinsurer : A Company is deemed to be "admitted" in India when it has been licensed and accepted by IRDA. In determining its financial condition a ceding insurer is allowed to take credit for the unearned premiums and unpaid claims on the risks reinsured if the reinsurance is placed in an admitted reinsurance company.

Reinsurance, Agency Reinsurance : A contract of reinsurance that is confined to business produced by a named agent of the insurer generated by that agent and administered directly with the reinsurer as allowed by the insurer. While there are other reasons for such practice, the facility allows an agent to issue larger policies that his insurer would otherwise restrict. Usually, agency reinsurance is written on pro-rata basis for property or other first party insurances.

Reinsurance, Aggregate Excess of Loss : A form of Excess of Loss Reinsurance that indemnifies the ceding company against the amount by which its losses incurred during a specific period, usually 12 months, exceed either (01) a predetermined amount, or (02) a percentage of the company's premium (loss ratio) for that period. This is commonly referred to as Stop Loss Reinsurance or Excess of Loss Ratio Reinsurance.

Reinsurance, Alternative Risk Financing : Use of the capacity available on capital markets to cover insurance to cover insurance risks e.g. through the securitization of natural catastrophe risks. Refer : "Risk Management : Alternate Risk Transfer (ART)."

Reinsurance, Alternative Risk Transfer : Refer : "Risk Transfer, Alternate : Alternate Risk Transfer : (ART)"

Reinsurance, Anniversary, Reinsurance : This is the date for renewal of a reinsurance contract whether the contract actually expires or is continuous. The date is usually twelve months from the effective date of the contract. In provisions dealing with run off of contracts the anniversary date is that of the underlying policies and not the reinsurance contract.

Reinsurance, Arbitration Clause : Language providing a means of resolving differences between the reinsurer and the reinsured without litigation. Usually, each party appoints and arbiter. The two thus appointed select a third arbiter, or umpire, and a majority decision of the three becomes binding on the parties to the arbitration proceedings.

Reinsurance, As If : This is a method for recalculation of prior years of reinsurance experience to demonstrate what the underwriting results of a particular program would have been if the proposed program had been "as if" in force during that period.

Reinsurance, Assume (Also, Accept), Reinsurance : Accept all or part of reinsured's insurance or reinsurance on a risk or exposure through various forms of reinsurance.

Reinsurance, Assumption Certificate : A statement of coverage by the reinsurer under which payment is guaranteed to a party not in privity with the reinsurance contract. Same as Cut-Through Clause.

Reinsurance,Atomic Energy Reinsurance Pool (Mutual Atomic Energy Reinsurance Pool) : A group of mutual insurance companies which reinsure Liability policies written on private nuclear energy reactors. Most insurance contracts exclude this coverage, and it can usually only be provided by a pool.

Reinsurance, Authority India : Authority means the Insurance Regulatory and Development Authority.

Reinsurance, Automatic Treaty: Reinsurance of specified types of risks which is automatically ceded and accepted within the terms of the contract, called a treaty, without consideration of each one individually. The reinsurance takes effect as soon as the original contract is in force. Same as Obligatory Reinsurance.

Reinsurance, Balance of a Treaty : The ratio of the total premiums receivable by a reinsurer under a surplus treaty to the reinsurer's maximum liability for any one claim, based on EML.

Reinsurance, Balanced Portfolio : The total business of an insurer that has been so arranged by selection and reinsurance as to safeguard the financial equilibrium of the Company.

Reinsurance, Binder : A record of reinsurance arrangements pending the issuance of a formal reinsurance contract which then replaces the binder.

Reinsurance, Blind Treaty : A Reinsurance treaty where Insurers are not given details of individual risks ceded to them.

Reinsurance, Block Rating : A method used for calculating the premium in an excess of loss Reinsurance contract.

Reinsurance, Bordereau : (Plural Bordereaux) : A tabular statement of risk, premiums and/or losses supplied by a Ceding office to a Reinsurer under the contract.

Reinsurance, Brokers : Intermediaries who place Reinsurance business with Reinsurers on behalf of Ceding companies.

Reinsurance, Broker's Open Cover : The facility for a Reinsurance Broker to arrange automatic Reinsurance.

Reinsurance, Burning Cost : A term most frequently used in spread loss property reinsurance to express pure loss cost or more specifically the ratio of incurred losses within a specified amount in excess of the ceding company's retention to its gross premium over a stipulated number of years.

Reinsurance, Cancellation (a) Run – off basis : Run off basis means that the liability of the reinsurer under policies, which became effective under the treaty prior to the cancellation date of such treaty, shall continue until the expiration date of each policy; **(b) Cut off basis** : Cut off basis means that the liability of the reinsurance under policies which became effective under the treaty prior to the cancellation date of such treaty, shall cease with respect to losses resulting from accidents taking place on and after said cancellation date. Usually the reinsurer will return to the company the unearned premium portfolio, unless the treaty is written on an earned premium basis.

Reinsurance, Cancelling Returns only : A provision found chiefly in Marine Hull reinsurance that no return of premium will be allowed except where the policy is cancelled.

Reinsurance, Capacity : (i) Largest amount of Insurance or Reinsurance available from an Insurer or group of Insurers. In a broader sense, the largest amount of Insurance or Reinsurance available in the market. (ii) Maximum amount of Insurance that a Company will write on a single risk.(iii) The percentage of surplus or the rupee amount of exposure that an insurer or reinsurer is willing to place at risk. Capacity may apply to a single risk, a program, a line of business, or an entire book of business.

Reinsurance, Carpenter Cover : (01) The working cover subject to a prospective rating plan. (02) A form of excess reinsurance wherein each year's premium rate is determined by the amount of the ceding insurer's excess losses for a specified number of preceding years. A form of experience rating. Refer : "Spread Loss Reinsurance."

Reinsurance, Cash Loss : It is a provision common in proportional contracts which facilitate a reinsured to make a claim and receive immediate settlement for a large loss outside of the usual periodic accounting and settlement procedure.

Reinsurance, Catastrophe or Per Event Covers : Which protect a Company against very large losses caused by events like conflagrations, cyclone, floods etc. The distinction between a 'per event' cover and a 'per risk' cover is that in the former, the loss may cover one or more than one risk, but when it affects more than one risk, it should have arisen from one event. Refer : "Per risk or working cover."

Reinsurance, Cedant : This is another way to refer to the reinsured or ceding insurer.

Reinsurance, Ceding Commission : The cedant's acquisition costs and overhead expenses, taxes, licenses and fees, plus a fee representing a share of expected profits – sometimes expressed as a percentage of the gross reinsurance premium.

Reinsurance, Ceding Company : (i) Insurance Company that places Reinsurance business of its original risk with a Reinsuring Company. (ii) An Insurer who purchases and is entitled to indemnification under a contract of Reinsurance (also known as the Reinsured).

Reinsurance, Certificate : Issued in evidencing Reinsurance between companies.

Reinsurance, Certificate of Reinsurance : A short-form documentation of a reinsurance transaction.

Reinsurance, Cession : (01) An Exactly stated yielding of a property or right under a Reinsurance agreement. A Reinsurance. An amount ceded as Reinsurance. (02) The amount given off by way of Reinsurance and therefore amount accepted by the Reinsurer.

Reinsurance, Cession, IRDA : As per IRDA Cession means the unit of insurance passed to a reinsurer by the insurer which issued a policy to the original insured, and accordingly, a cession may be the whole or a portion of a single risk, defined policies or defined divisions of business, as agreed in the reinsurance contract.

Reinsurance, Cession, Priority : A priority cession is Reinsurance which is ceded before Ceding to the Company's normal treaties.

Reinsurance, Claim A demand made by an insurer on its reinsurer(s) to be paid under a reinsurance contract. A claim is payable under an insurance or reinsurance contract if it is caused by an insured peril and it is not excluded under the terms of that contract.

Reinsurance, Claim Control Clause : A clause in a Reinsurance contract requiring the Reinsured to give immediate advice to the Reinsurance of any claim that will attach to the Reinsurance contract before he settles it on the original Policy. The clause may require that the Reinsurer's approval be obtained before the original claim is settled. The Reinsured will be expected to cooperate with the Reinsurer in defending the original claim at the Reinsurer's option.

Reinsurance, Claim Ratio : The ratio of paid or incurred claims to earned premiums over a defined period. Alternatively it may be the ratio of paid or incurred claims on business written in an underwriting period to the written premiums for that period. It may be either net or gross of reinsurance. Also, often called the loss ratio.

Reinsurance, Claiming Cash : A Right which insurers may have to ask reinsurers for immediate settlement of a substantial claim rather than wait for the regular periodical settlement.

Reinsurance, Claim-Made basis (Policy attaching basis) : A form of reinsurance under which the date of claim reported is deemed to be the date of the loss event. Claims reported during the term of the reinsurance agreement are therefore covered, regardless of when they occurred. A claims made agreement is said to "cut of the tail" on liability business by not covering claims reported after the term of reinsurance agreement – unless extended by special agreement. See. Occurrence basis.

Reinsurance, Claims Cooperation Clause : A clause in a reinsurance treaty providing for early notice of possible claims and cooperation in the defence of claim that may affect the reinsurer and stipulating that the insurers shall not admit liability for such a claim without the reinsurer's consent.

Reinsurance, Closed Year : A year for which provisions for all future claims arising in the year are established. Also A year of account that has been closed into another year of account by means of a reinsurance to close contract. Historically most Lloyd's syndicates have operated a three year underwriting account according to which the profit or loss of an underwriting account is determined by the managing agent 36 months after the beginning of that account which is always the start of a calendar year. According to this system the normal closure date of the 2014 year of account (which commenced on 1 January 2014) was 31 December 2016, with the calculation of the reinsurance to close as at that date being finalized in or about February/March 2016.

Reinsurance, Closing an account : Making a Reinsurance provision to cover outstanding losses, so that reserves and profit can be released.

Reinsurance, Closing Particular : Final advice on full particulars of risk for which placement with reinsurer is completed.

Reinsurance, Co-Insurance : A treaty provision calling for the sharing of obligations between or among two or more Reinsurers.

Reinsurance, Combination Plans : A form of combined reinsurance which provides that in consideration of a premium, which is a fixed percentage of the ceding company's subject premium on the business covered, the reinsurer will indemnify the ceding company for the amount of loss of each risk in excess of a specified retention and subject to a specified limit and after deducting the excess recoveries on each risk, the reinsurer will indemnify the ceding company against a fixed quote share percent of all remaining losses.

Reinsurance, Commission : Commission allowed by the Reinsurer to the Ceding Company on the premium ceded. Besides, covering the original acquisition cost of the Ceding Company, a margin is allowed for expenses.

1. **Profit Commission or Contingent Commission** : An additional commission payable by the Reinsurers to the Ceding Company as a percentage of profits derived from the business. It is a pre-determined percentage of the reinsurer's net profits after a charge for the reinsurer's overhead, derived from the subject treaty.

2. **Overriding Commission** : Commission payable in addition to the original commission particularly under retrocession treaties.

3. **Sliding Scale Commission** : A ceding commission which varies inversely with the loss ratio under the reinsurance agreement, the scales are not always one to one; for example, as the loss ratio decreases by 1%, the ceding commission might increase only 5%.

4. **Super Profit Commission** : Overriding profit commission payable in addition to the original profit commission particularly under retrocession and/or reciprocal treaties.

Reinsurance, Commission Reinsurance Intermediary : (a) Agent's commission : A percentage of premium paid to an agent for insurance placement services (b) Brokerage : A percentage or a fee paid to a broker for insurance or reinsurance placement services.

Reinsurance, Commutation Clause: A Clause in a reinsurance agreement, which provides for estimation, payment and complete discharge of all future obligations for

reinsurance losses incurred regardless of the continuing nature of certain losses such as unlimited medical and lifetime be Worker's Compensation.

Reinsurance, Contingent (or Profit) Commission : An allowance payable to the ceding insurer, in addition to the normal ceding commission, based on the net profit derived from a reinsurance treaty.

Reinsurance, Contributing Excess: Where there is more than one reinsurer sharing a line of insurance on a risk in excess of a specified retention, each such reinsurer shall contribute towards any excess loss in proportion to his original participation in such risk.

Reinsurance, Co-Reinsurance : Similar to co-insurance, but referring to reinsurance of risk rather than insurance.

Reinsurance, Cover Limit : The maximum amount for which the Reinsurer is liable to the Ceding Company in the event of a loss, in excess of the deductible.

Reinsurance, Cover Note : This is a statement in writing indicating that coverage is in place. In reinsurance this is also evidenced by the Slip.

Reinsurance, Cut Off : The termination provision of a reinsurance contract stating that the reinsurer shall not be liable for loss as a result of occurrences taking place after the date of termination.

Reinsurance, Cut-Through Clause : The clause provides that in the event of the reinsured's insolvency any part of a loss covered by reinsurance be paid directly to the original insured by the reinsurer. This is an exception to the legality of privity of contract.

Reinsurance, Cut-Through Endorsement : Guarantee of coverage by a Reinsurer to a third party who is not a party to the Reinsurance contract

Reinsurance, Deposit Premium : This arises when the actual premium awaits the outcome of the completion of the treaty or contract period. AT inception the reinsurer therefore receives premium as a deposit subject to its adjustment on completion of treaty or contract period.

Reinsurance, Development Statistics : A statement by an original insurer showing details of every claim falling within a proposed reinsurance with figures for the amounts paid and outstanding at the end of each year from the date of occurrence until final settlement.

Reinsurance, Direct Written Premium : This is all the premium income of an insurer, adjusted for additional or return premiums, prior to any reinsurance ceded or reinsurance assumed.

Reinsurance, Discovery Cover : A reinsurance treaty covering losses that are discovered during the term of the treaty regardless of when they were sustained.

Reinsurance, Earned Premium : (01) That part of the premium applicable to the expired part of the policy period, including the short-rate premium on cancellation, the entire premium on the amount of loss paid under some contracts, and the entire premium on the contract on the expiration of the policy. (02) That portion of the reinsurance premium calculated on a monthly, quarterly or annual basis which is to be retained by the reinsurer should there cession be cancelled. (03) When a premium is paid in advance for a certain time, the company is said to "earn" the premium as the time

advances. For example, a policy written for three years and paid for in advance would be one-third "earned" at the end of the first year.

Reinsurance, Equitas : Equitas is the general label given to a group of companies linked to Lloyd's of London. It was set up in 1996 specifically to reinsure liabilities that had accumulated in the syndicates at Lloyd's of London on policies written from the 1930s up to and including 1992. This business was reinsured by Equitas Reinsurance Limited, which was also appointed as run-off agent. The liabilities were retroceded to Equitas Limited, to which Equitas Reinsurance Limited has also delegated its run-off function. The proposal to set up the structure was accepted by 90% of the 34,000 'Names' who under-wrote policies at Lloyd's, and it became mandatory for all members to reinsure their liabilities into Equitas. When it started it had £15 bn of liabilities at net present value, which were expected to take up to 40 years to settle. It also had assets amounting to 105% of the liabilities, making it the largest start-up company to date. It is not allowed to take on fresh business but it remains the largest solvent run-off reinsurer globally. Equitas is run by directors. It is owned by trustees who hold the shares on behalf of those who reinsured their liabilities into it.

Reinsurance, Errors and Omission Clause : A provision in reinsurance agreement which is intended to neutralize any change in liability or benefits as a result of an inadvertent error by either party.

Reinsurance, Ex Gratia Payment : A payment made for which company is not liable under the terms of the Policy. Usually made in lieu of incurring greater legal expenses in defending a claim. Rarely encountered in reinsurance as the reinsurer by custom and for practical reasons follows the fortunes of the ceding company.

Reinsurance, Excess Line Broker : A reinsurance broker who places a surplus line.

Reinsurance, Excess of Average Loss : Excess of loss ratio reinsurance where the excess point is recalculated annually as a moving average of the loss ratio experienced over an agreed number of preceding years and the ceding company is required to bear an agreed share of any loss in excess of that average.

Reinsurance, Excess of Line : The marine insurance equivalent of surplus reinsurance.

Reinsurance, Excess of Loss Cover to Protect an Excess of Loss Portfolio : A Company may have in its books an inward Reinsurance portfolio of excess of loss covers involving not only considerable limits of liability on individual covers accepted, but also inevitable accumulation of liability, in that a number of such covers may be affected by a single event. An excess of loss protection may be arranged to limit such accumulations to a definite figure in respect of any one event.

Reinsurance, Excess of Loss Ratio (Aggregate Excess of Loss Reinsurance) : Excess of loss Reinsurance that indemnifies the Ceding Insurer against the amount by which its losses incurred during a specific period, usually twelve months, exceed either (i) a predetermined rupee amount, or (ii) a percentage of the Insurer's premium for that period. Commonly referred to as "stop loss Reinsurance" or 'excess of loss ratio Reinsurance".

Reinsurance, Excess of Loss Reinsurance : Generic term describing Reinsurance which subject to a specified limit, indemnifies the Ceding Insurer for amounts of loss in excess of specified retentions. (ii) Reinsurance which indemnifies the Ceding Company for the portion of any loss resulting from a single occurrence, however defined, that exceeds a predetermined amount, which is known as a first loss retention or deductible.

Reinsurance, Excess Per Risk Insurance : A form of Excess of Loss Reinsurance which, subject to a specified limit, indemnifies the ceding company against the amount of loss in excess of a specified retention with respect to each risk involved in each occurrence.

Reinsurance, Excess Point : Term used in excess of loss reinsurance for the point at which the reinsurance comes into effect.

Reinsurance, Expense Ratio : The percentage of premium used to pay all the costs of acquiring, writing and servicing insurance and reinsurance.

Reinsurance, Experience : (01) The loss record of an insured or of a class of coverage. (02) Classified statistics of events connected with insurance, of outgo or of income, actual or estimated. (03) What figures show to have happened in the past. Experience may be compiled on different bases to provide various means of appraisal, viz., Accident Year Calendar Year or Policy Year but for underwriting purposes should always compare earned premium with incurred losses after the latter have been modified by an allowance for loss development and incurred but not reported losses (IBNR).

Reinsurance, Expiration : This is cessation of cover if not renewed following the anniversary date. A treaty written on a "continuous until cancelled" basis does not expire automatically. This would need to be looked at for a cancellation provision.

Reinsurance, Expona Clauses : Clauses in reinsurance treaties that define the extent if any to which exposure to liability in North America is included.

Reinsurance, Extended Wait : A form of reinsurance under which, after the ceding insurer has paid monthly benefits to the claimant for a given number of months under a Disability Insurance Contract, further benefits will be paid by the reinsurer.

Reinsurance, Extra Contractual Obligations (ECO) : Damages awarded by a court against an insurer which are outside the provisions of the insurance policy, due to the insurer's bad faith, fraud, or gross negligence in the handling of a claim. Examples are punitive damages and losses in excess of policy limits.

Reinsurance, Facility : (i) Organization established by Insurers and Reinsurers, whereby Insurers can obtain Reinsurances for exposures that individual Reinsurers would not readily accept hence, a "residual market" organization for Reinsurance. Reinsurers participating in the Reinsurance association typically take pro-rata shares of all Reinsurance placed in the facility. (ii) A market device that provides insurance for individuals or other entities that cannot obtain coverage from an insurer on a voluntary basis, by sharing premiums and losses for such entities among participating insurers. (iii) Organization, analogous to Lloyd's of London or a stock exchange, for the voluntary offering and buying of Reinsurance.

Reinsurance, Facultative Obligatory Reinsurance: The Ceding Company is not bound' to automatically cede to the treaty but has the right of making cessions, where it chooses to do so. the Reinsurer, for his part undertakes to accept all the cessions, within the limits of a certain number of lines and/or a maximum amount.

Reinsurance, Facultative or Specific Reinsurance : Reinsurance by offer and acceptance of individual risks, wherein the reinsurance retains the "faculty" to accept and reject each risk offered by the ceding.

Reinsurance, Facultative Reinsurance, IRDA : As per IRDA's General Insurance-Reinsurance Regulations, 2000 "Facultative" means the reinsurance of a part or all of

a single policy in which cession is negotiated separately and that the reinsurer and the insurer have the option of accepting or declining each individual submission.

Reinsurance, Facultative Treaty : A contract setting out how facultative reinsurance shall be handled by an insurer and a reinsurer.

Reinsurance, Figures : The statistical record showing the premium income and claims attaching to an Insurance, or a Reinsurance**,** long term contract.

Reinsurance, Financial Reinsurance : This is a form of reinsurance involving less underwriting risk transfer and more investment or timing risk transfer from the cedant. These contacts are often on a multi-line, multi-year basis. They typically absorb at least the cost associated with claims differing from expected claims experience, and often carry excess of loss terms and multiple options Premiums usually reflect the time value of money to a large extent than traditional excess of loss contracts.

Reinsurance, Finite Risk Insurance or Reinsurance : A form of financial reinsurance which provides a defined upper limit to the total amount of payment.

Reinsurance, First Surplus : The first amount allocated to reinsurance in excess of the original's insurer's net retention.

Reinsurance, Fixed Rate Treaty : A reinsurance treaty under which the rate of premium is fixed at the outset as a percentage of the ceding insurer's premium income less premiums paid for reinsurance effected in priority to reinsurance under the treaty.

Reinsurance, Fixed Share Treaty : The Reinsurers agree to accept automatically a fixed proportion of all Insurances of a defined type, say one-half of all fidelity guarantee Insurances accepted by the Direct Insurers.

Reinsurance, Fixed Treaty : A reinsurance treaty under which the original insurer binds himself to cede, and the reinsurer binds himself to accept, the risks specified.

Reinsurance, Flat Line : Reinsurance of a fixed amount, whether whole or part of the insurer's line.

Reinsurance, Flat Rate : In **Reinsurance,** a percentage rate applied to a ceding company's premium writings for the classes of business reinsured to determine the reinsurance premiums to be paid the reinsurer. (ii) A reinsurance premium rate based on the entire premium income received by the ceding company from business ceded to the reinsurer, as distinguished from a rate applicable only to the excess limits premium.

Reinsurance, Follow the Fortunes : A clause in a reinsurance treaty whereby the reinsurer undertakes to follow the fortunes of the insurer. Thus, if the insurer settles a claim ex-gratia, the reinsurer may be expected not to deny liability for his share in the settlement.

Reinsurance, From the Ground Up : A statement of an original insurer's experience of a class of business offered for reinsurance is said to be from the ground up when it shows the number and distribution by amount of all claims however small even though reinsurance is required for large claims only. Also, ground up loss distributions are used to evaluate the impact of different levels of deductible on other insurances such as motor. Analyses often entail simulation techniques to evaluate (re)insured loss distributions.

Reinsurance, Fronting Company : Insurance which, for a fee or percentage of the premium, agrees to issue an Insurance Policy with the prior knowledge that the Policy will be substantially Reinsured by the insured's captive or by a Reinsurer selected by the insured. Fronting arrangements are designed to comply with the letter of regulations requiring that certain exposures be commercially insured while, at the same time, permitting the insured to retain, or control the Reinsurance or transfer of that exposure. (2) An arrangement whereby one licensed insurer issues a policy on a risk for an at the request of one or more other unlicensed insurers with the intent of passing the entire risk by way of reinsurance to the other insurer(s). Such an arrangement may be illegal if the purpose is to frustrate regulatory requirements.

Reinsurance, Full Reinsurance Clause : A clause in a facultative reinsurance contract, where all or nearly all risk is reinsured, to give the reinsurer control over claim settlement.

Reinsurance, Full Signed Line : Indicates that the Reinsurance covers the whole of the line signed on the original Insurance.

Reinsurance, Full Written Line : Indicates that a Reinsurance order is for the full line written on the slip covering the original Insurance; effectively this is the same as G.S.L., because the written line will be transposed to a signed line when the original risk is closed.

Reinsurance, Gross Line : The amount of a ceding insurer's loss irrespective of any reinsurance recoveries due.

Reinsurance, Gross Loss : The amount of a ceding insurer's loss irrespective of any reinsurance recoveries due.

Reinsurance, Gross Net Premium Income : To indicate the original gross premium of the portfolio protected by the treaty less the premium ceded by way of Reinsurance in priority to and for the benefit of the excess of loss treaty.

Reinsurance, Ground-up Loss : In Reinsurance**,** the term refers to the gross amount of loss occurring to the reinsured, beginning with the first rupee of los and after the application of deductions required by the reinsurance agreement (which can be several in number) (a) the reinsured's retention in excess of loss covers, (b) other inuring reinsurance says, such as quota share, surplus share, per risk excess, facultative, or common account coverage, or (c) the uncollectibility of any reinsurance. For example, ground up losses subject to a per risk excess treaty protecting the reinsured's net retention would equal the net loss beginning with the first rupee after reduction of the gross loss by recoveries from other treaties such as surplus covers and facultative placements, but before the application of the deductible in the per risk excess cover itself.

Reinsurance, Guarantee : Facultative Reinsurance.

Reinsurance, Hard Market : In Reinsurance**,** a hard market is characterized by prudent underwriting and adequate pricing, whereas a soft market reflects sloppy underwriting and deficient pricing.

Reinsurance, Honorable Undertaking : This is stated in the reinsurance contract : "This agreement is considered by the parties hereto as an honorable undertaking, the purpose of which is not to be defeated by a strict or narrow interaction of the language thereof.

Reinsurance, Hours Clause : A clause within a catastrophe reinsurance treaty which specifies the limited period during which claims can be aggregated for the purpose of one claim on the reinsurance contract. Commonly 24 or 72 hours.

Reinsurance, Hours Clause : The colloquial term which limits the time period during which claims resulting from a given occurrence may be included as part of the loss subject to the cover. The time period is usually measured in consecutive hours and most often applies to property Reinsurance, e.g., a windstorm, conflagration, or earthquake, and less frequently in occupational disease and other aspects of casualty.. Commonly 24 or 72 hours.

Reinsurance, Incurred But Not Reported (IBNR) : The liability for future payments on losses which have already occurred but have not yet been reported in the reinsurer's records. This definitely may be extended to include expected future development on claims already reported. Thus, technically IBNR covers the field from (a) those individual losses that have occurred but have not been reported to the insurer or reinsurer to (b) that amount of loss that may arise from a known loss which has been reported as an event but which has not been recorded in full to its ultimate loss value (known as loss development).

Reinsurance, Incurred Loss Ratio : The percentage of losses incurred to premiums earned. (Refer Experience, Reinsurance).

Reinsurance, Index or Stability clause : A clause in liability excess of loss Reinsurance tying treaty limits to an appropriate price or earnings index.

Reinsurance, Indian Reinsurer : As per IRDA's General Insurance-Reinsurance Regulations, 2000 "Indian re-insurer" means an insurer which has been granted a certificate of registration under sub-section (2A) of Section 3 by the Authority to carry on exclusively the re-insurance business in India and is approved in this behalf by the Central Government.

Reinsurance, Inflation Factor : A loading to provide for increased medical costs and loss payments in the future due to inflation.

Reinsurance, Insolvency Clause : A clause that holds that a reinsurer is liable for his share of a loss assumed under a treaty even through the primary insurer has become insolvent. Also, Refer : "Strike-Through Clause, Reinsurance."

Reinsurance, Intermediary : A third party (usually a Reinsurance Broker) in the design, negotiation, and administration of a reinsurance agreement. Intermediaries recommend to cedant the type and amount of reinsurance to be purchased and negotiate the placement of coverage with reinsurers.

Reinsurance, Intermediary Clause : A provision in reinsurance agreements which identifies the specific intermediary or broker involved in negotiating the contract, communicating information, and transmitting funds. The clause should state clearly whether payment to the broker does or does not constitute payment to the other party of the reinsurance contract. Currently a widely used clause provides that payments by the reinsured insurer to the intermediary shall be deemed to constitute payment to the reinsurer(s) and the payments by the reinsurer(s) to the intermediary shall be deemed to constitute payment to the reinsured insurer only to the extent that such payments are actually received by the reinsured insurer.

Reinsurance, Inwards : Reinsurance business accepted or written by an insurer or reinsurer, as opposed to outwards reinsurance which is ceded to a reinsurer.

Reinsurance, Jurisdiction Clause : A clause inserted in a treaty wording defining the laws under which any dispute shall be resolved.

Reinsurance, Layer: The total amount of excess of loss reinsurance portion which an insurer needs to protect a given set of exposures is usually not written in one contract. Instead, the total amount is split into pieces or layers and separate contracts are written which fit on top of each other and have similar or identical terms but separate limits which sum to the total amount required. Each of the separate contracts in the series is called a layer or level in the total program.

Reinsurance, Layering : The Ceding office retains the bottom layer of risk itself and the Reinsurer only have to pay claims above this level. For example, if the cedant had retained Rs. 1,00,000 of a Rs. 10,00,000 risk, the cedant would bear the first Rs. `1,00,000 of each and every loss and the Reinsurers would pay only that part of any claim in excess of RS. 1,00,000.

Reinsurance, Lead Reinsurer : The reinsurer who negotiates the terms, conditions and premium rates and first signs on to the slip. Reinsurers who subsequently sign on the slip under those terms and conditions are considered following reinsurers.

Reinsurance, Letter of Credit (LOC) :A financial guarantee issued by a bank that permits the party to which it is issued to draw funds from the bank in the event of a valid unpaid claim against the other party; in **Reinsurance,** typically used to permit reserve credit to be taken with respect to non-admitted reinsurance; and alternative to funds withheld and modified coinsurance.

Reinsurance, Limits : The maximum amounts of interest insured. The word can be used to describe a cedant's retention, a cedant's gross capacity or the maximum amount which may be reinsured under a reinsurance contract.

Reinsurance, Line (of Insurance) : (i) Particular type of Insurance, such as the liability "line." (ii) All types of Insurance written for a property owner, such as all lines for ABC Manufacturing. (iii) Amount of Insurance on a given property, such as a Rs. 10,00,000 line on XYZ manufacturing's building. (iv) Gross line - total amount of Insurance accepted by an insure on individual risk, including the amount Reinsured. (v) Net Line : amount of coverage retained by the Ceding Insurer on an individual risk in a surplus Reinsurance treaty or the maximum amount of loss on a particular risk to which an Insurer will expose itself without Reinsurance.

Reinsurance, Line : Either the limit of insurance to be written which an insurer has set for itself on a class of risk (line limit), or the actual amount which it has accepted on a single risk or other unit. A class of type of insurance (fire, marine or casualty, among others), also known as Line of Business.

Reinsurance, London Market : Insurance and reinsurance business carried out on a face-to-face basis in the city of London.

Reinsurance, London Market Excess of Loss (LMX) or LMX on LMX : Outwards excess of loss reinsurance in the London Market.

Reinsurance, Long Tail Liability : A term used to describe certain type of third party liability exposures (e.g., malpractice, products, error and omissions) where the incidence of loss and the determination of damage are frequently subject to delays which extend beyond the term the insurance or reinsurance was in force. An example

would be contamination of a food product which occurs when the material is packed but which is not discovered until the product is consumed months or years later.

Reinsurance, Loss Adjustment Expense : All expenditure of an insurer associated with its adjustment, recording and settlement of claims, other than claim payment itself. The term encompasses both allocated loss adjustment expenses (ALAE) which are loss adjustment expenses identified by a claim file in the insurer's records, such as attorney's fees and unallocated loss adjustment expenses (ULAE) which are operating expenses not identified by claim file, but functionally associated with settling losses, such as salaries of claims department.

Reinsurance, Loss Development : The difference between the original loss as originally reported to the reinsurer and its subsequent evaluation at a later date or at the time of its final disposal. A serious problem to reinsurers who, being involved in the more serious cases, must frequently wait many years for the final disposition of a loss.

Reinsurance, Loss Event : The total losses to the ceding company or to the reinsurer resulting from a single cause such as a windstorm.

Reinsurance, Loss Expense Reserve : Another name for claims reserve. The expression is also often used in association with the reserve deposited by a reinsurer with the cedant to cover in part outstanding claims (exact terms would indicate which party received the investment income on associated assets).

Reinsurance, Loss Loading : A factor applied to the pure loss cost to produce a reinsurance rate of premium.

Reinsurance, Loss Ratio : Losses incurred expressed as a percentage of earned premiums.

Reinsurance, Loss Ratio : Proportionate relationship of incurred losses to earned premiums expressed as a percentage.

Reinsurance, Loss Ratio Stabilising Clause : Refer :"Stop Loss, Reinsurance."

Reinsurance, Losses Occurring During Basis : Excess of loss contracts are generally arranged for a period of one year, say from 1st January to 31st December. If any loss occurs during the specified period, it will fall within the scope of the contract though the policies under which such losses arise may have incepted prior t the date of commencement of excess of loss cover. The Ceding Company would normally arrange for the renewal of the contract to ensure continued protection for the run-off portfolio and for new risks attaching during the next annual period.

Reinsurance, Losses Outstanding : Losses (reported or not reported) which have occurred but have not been paid.

Reinsurance, Losses Paid : The amount paid by reinsurer to the cedant company on account of losses incurred.

Reinsurance, Multi-Line / Multi Year Package : Refer : Risk Transfer, ART Instruments, Multi-Line Multi-Year Programmes."

Reinsurance, Net Absolute (ly) : Term used in Facultative Aviation Reinsurance when no reinsurance commission is allowable.

Reinsurance, Net Line : The amount of insurance the primary insurer carries on a risk after deducting reinsurance from its "gross" line.

Reinsurance, Net Retained Line : The amount of coverage retained by the ceding company on an individual risk in a Surplus reinsurance treaty. This term can also be used to mean the maximum amount of loss on a particular risk to which an insurer will expose itself without reinsurance.

Reinsurance, Net Retained Line Clause : Explains that the loss subject to the reinsurance agreement is net of all other reinsurances, whether collectible or not, as well as net of salvages and all other reinsurance recoveries due to the reinsured.

Reinsurance, on-Admitted : Reinsurance for which no credit is given in a ceding company's annual statement because the reinsurer is not licensed or authorized to transact that particular line of business in the jurisdiction in question. Reinsurance is "non-admitted" when placed in a non-admitted company and therefore may not be treated as an asset against reinsured losses or unearned premium reserves for insurance company accounting and statement purposes.

Reinsurance, Non-Proportional : Reinsurance arrangements, where the claims are not shared proportionately between the cedant and reinsurer.

Reinsurance, Non-Proportional Contracts : In non-proportional business the Ceding office retains the bottom layer of risk itself and the Reinsurers only have to pay claims above this level. The most common type of non-proportional Reinsurance is called excess of loss Reinsurance . Refer : "Excess of loss Reinsurance."

Reinsurance, Obligatory Treaty : A reinsurance contract (usually pro-rata) under which the subject matter business must be ceded by the ceding insurer in accordance with contract terms and must be accepted by the reinsurer.

Reinsurance, Occurrence : An adverse contingent accident or event neither expected nor intended from the point of view of the insured. With regard to limits on occurrences, property catastrophe reinsurance agreements frequently define adverse vents having a common cause and sometimes within a specified time frame, for example 72 hours, as being one occurrence. This definition prevents multiple retentions and reinsurance limits from being exposed in a single catastrophe loss.

Reinsurance, Offset Clause : A provision in reinsurance agreements which permits each party to net amount due against those payable before making payment ; especially important in the event of insolvency of one party which ceases to remit amounts due to the other.

Reinsurance, One Disaster or Casualty Clause . : A clause in a reinsurance treaty to provide that all losses during a short period, usually 72 hours, shall be considered as caused by one disaster or casualty, e.g., a riot, a cyclone, or an earthquake, for the purpose of applying the limit of liability under the reinsurance.

Reinsurance, Open Cover : An open cover performs the same tasks as a facultative obligatory treaty from a technical point of view and the two can be considered as synonymous. However, open cover is more of a facility in a certain branch or category than the more general and wider treaty. Thus, an open cover may be confined to petrochemical risks or highly fluctuating stock risks in certain specific commodities such as cotton, or to certain types of cargo risks. Moreover, the Ceding Company has the liberty to make cessions up to a certain agreed amount without the maximum liability being expressed as a number of lines.

Reinsurance, Or as Original : Term used by a reinsurer to indicate that he accepts not only the risk as it is presented to him but also any variation that may exist in the original

policy. The wording protects the ceding insurer in case an error has arisen in transmission of the facts about the risk.

Reinsurance, Original Conditions : A term used in both treaty and facultative reinsurance which incorporates by reference all of the terms (as well as amendments, modifications, alteration, and waivers) of the original policy written by the insurer that are not modified in the reinsurance contract, i.e., the location of the property and the rate, among others.

Reinsurance, Original Deductions/Discounts : The deductions or discounts allowed by a ceding insurer on a policy which is the subject of reinsurance.

Reinsurance, Original Gross Premium Income (OGPI) : The gross premium income received by an insurer in relation to business that is covered by a non-proportional reinsurance treaty. The reinsurance premium is calculated as a percentage of this OGPI.

Reinsurance, Original Insured : The insured under a policy which becomes the subject of reinsurance.

Reinsurance, Original Insurer : The insurer which writes a policy for a policyholder (which may or may not create the need for reinsurance).

Reinsurance, Original Net Premium Income : The net premium income of a ceding insurer.

Reinsurance, Original Policy : The policy written by the original insurer.

Reinsurance, Original Rate : The rate of premium charged on an insurance which has become the subject of reinsurance.

Reinsurance, Original Terms : A reinsurance expression signifying that the reinsurance is granted on the same conditions and at the same rate of premium as the original insurance.

Reinsurance, Outstanding Claims Advance : A reinsurance treaty may provide that if claims payable by the reinsurer exceed the reserve held by the original insurer for the payment of claims the reinsurer shall make an immediate payment, or advance, without waiting for the claims to appear in the periodic statements.

Reinsurance, Outstanding Claims Portfolio : An amount payable by a cedent to a reinsurer in consideration of the reinsurer accepting liability arising under a contract of reinsurance in respect of reinsurance claims incurred and arising prior to a fixed date.

Reinsurance, Outwards Reinsurance : Reinsurance ceded by an insurer, as opposed to inwards reinsurance accepted.

Reinsurance, Overdue Market : A market for the reinsurance of a marine insurance where a ship is overdue or has suffered a serious casualty which may result in a total loss, and thus a means for original underwriters of quantifying, and possibly cutting, their loss.

Reinsurance, Over-line : An amount of insurance or reinsurance that exceeds the normal capacity of the insurer or reinsurer after allowing for automatic reinsurance facilities. An insurer who finds himself with more risk than he considers it prudent to bear is said to be over lined.

Reinsurance, Over-Riding Commission : Additional commission paid by a reinsurer to an insurer ceding proportional business, as a contribution towards expenses. The term is often used on primary business written through agents or brokers and refers to any addition to basic commission rates either for volume or profitable business.

Reinsurance, Oversight Clause : A provision in a reinsurance treaty that either party may correct a failure to comply with the agreement due to oversight or misunderstanding.

Reinsurance, Paramount War Clause (Cargo) : A clause in a Marine Cargo reinsurance contract which stipulates either that war risks cover is subject to terms and conditions no wider than those of the relevant London Institute War Clauses or that the reinsured shall apply the limitations of the U.K. Waterborne Agreement; and that war risks shall be cancellable at seven days' notice by either party.

Reinsurance, Part Of : A reinsurance term used to make it clear that the reinsurer is accepting part only of the risk covered by the original insurance and that in the event of a short closing he will not be saddled with the whole risk.

Reinsurance, Participating or Pro-Rata Reinsurance : These are contracts where in the event of a loss, the amounts payable by a Direct Insurer and the Reinsurer are in proportion which are arranged before the loss. In other words, under proportional Reinsurance there is a common apportionment between the Ceding Company and the Reinsurer of original sum insured, of premiums and of losses according to a pre-determined percentage. Includes Quota Share, First Surplus, Second Surplus and all other sharing forms of reinsurance where under the reinsurer participates pro rata in all losses and in all premiums.

Reinsurance, Pay as you may be paid : A reinsurance term providing that the reinsurer will not question payment of any claim for which the insurer is liable under the original insurance.

Reinsurance, Per Risk Excess : Reinsurance in which the retention and the cession apply per risk rather than per accident, per event, or on an aggregate basis.

Reinsurance, Peril : This terms refers to the causes of possible loss in the property field – for insurance : Fire, Windstorm, Collision, Hail, etc. In the casualty field the term "hazard" is more frequently used.

Reinsurance, PML : The anticipated maximum property fire loss that could result, given the normal functioning of protective features (firewalls, sprinklers, a responsive fire department, etc.,) as opposed to MFL (Maximum Foreseeable Loss), which would be a similar valuation, but on a worst case basis with respect to the functioning of the protective features. Underwriting decisions would typically be influenced by PML evaluations, and the amount of reinsurance ceded on a risk would normally be predicted on the PML valuation.

Reinsurance, Policies incepting Basis : A basis for a reinsurance treaty whereby the test of the reinsurer's liability is when the original insurance was effected rather than whether the loss occurred or was notified during the reinsurance period.

Reinsurance, Policy Year : The year commending with the effective date of the reinsurance policy or with an anniversary of that date.

Reinsurance, Pool: A pool is a form of Reinsurance arrangement between member companies by which one or more classes of business is pooled and then retrocede to members in an agreed proportion or volume of business ceded. In certain cases,

business may be ceded to non-members of the pool. Such pools may be privately arranged between member companies or may be a national pool initiated by government or regional pools of member countries. As per IRDA's General Insurance-Reinsurance Regulations, 2000 "pool" means any joint underwriting operation of insurance or reinsurance in which the participants assume a pre-determined and fixed interest in all business written.

Reinsurance, Portfolio : A detailed body of (a) insurance policies in force known as a premium portfolio (b) outstanding losses known as a loss portfolio, or (c) insurer investments (known as an investment portfolio). The reinsurance of all existing insurance as well as new and renewal business is therefore described as a running account reinsurance with portfolio transfer or assumption.)

Reinsurance, Portfolio Claims : Used in proportional reinsurance. The outstanding claims that, together with the portfolio premiums, make up the reinsurance premium required for a portfolio transfer; usually used to transfer obligations from one year of accident to the next.

Reinsurance, Portfolio Entry : Part of the mechanics of instituting a reinsurance treaty. It may be arranged on varying basis, such as new and renewal business or business in force, any and all of which are referred to as the portfolio entry.

Reinsurance, Portfolio Premiums : The unearned premium that together with the portfolio claims make up the reinsurance premium required for a portfolio transfer.

Reinsurance, Portfolio Reinsurance : A type of reinsurance which refers to all the risks of the reinsurance transaction. For example, if one company reinsurers all of another's outstanding Automobile business, the reinsuring company is said to assume the, "portfolio" of Automobile business and it is paid the total of the unearned premium on all the risks so reinsured (less some agree commission).

Reinsurance, Portfolio Return : Reassumption by a ceding company of a portfolio which has formerly been reinsured.

Reinsurance, Portfolio Run-Off : The opposite of Return of Portfolio – permitting premiums and losses in respect of in-force business to run to their normal expiration upon termination of a reinsurance treaty.

Reinsurance, Portfolio Transfer : The reinsurance of an entire portfolio at a premium relating to the estimated outstanding claims and unearned premium under that portfolio. Usually used by a reinsurer wanting to close a treaty year and pass on the liability to the following year for administrative reasons.

Reinsurance, Portfolio: This refers to unearned premiums and outstanding claims-entry and withdrawal of which made under treaties operating on clean cut basis whereas treaties written on Underwriting year basis in force in business is allowed to run to their normal expiration even on termination.

Reinsurance, Premium (Written/Unearned/Earned) : Written premium is premium registered on the books of an insurer or reinsurer at the time a policy is issued and paid for. Premium for a future exposure period is said to be unearned premium for an individual policy, written premium minus unearned premium equals earned premium. Earned premium is income for the accounting period, while unearned premium will be income in a future accounting period.

Reinsurance, Premium Deposit : When the terms of a policy provide that the final earned premium be determined at some time after the policy itself has been written

companies may require tentative or "deposit" premiums at the beginning which are readjusted when the actual earned charge has been later determined.

Reinsurance, Premium Income, Reinsurance, Lloyd's : The amount of premium that Lloyd's Name may write in a given year, determined by the size of the Name's wealth, deposit and whether or not incorporated.

Reinsurance, Premium Pure : The portion of the premium calculated to enable the insurer to pay losses and in some cases, allocated claim expenses or the premium arrived at by dividing losses by exposure and in which no loading has been added for commission, taxes and expenses.

Reinsurance, Premium Trust Fund, Reinsurance, Lloyd's : A fund into which all premiums for a Lloyd's syndicate in a given underwriting year are paid. No moneys may be released from the fund other than any profit on closure and ongoing claims and expenses.

Reinsurance, Primary Reinsurance Clause : A clause whereby the Reinsurer agrees that he will be Directly liable to the original assured in the event that the reassured is unable to pay a loss.

Reinsurance, Priority Cession : A priority cession is Reinsurance which is ceded before Ceding to the Company's normal treaties.

Reinsurance, Professional Reinsurer : A terms used to designate a company whose business is confined solely to reinsurance and the peripheral services offered by a reinsurer to its customers as opposed to primary insurers who exchange reinsurance or operate reinsurance departments as adjuncts to their basic business of primary insurance. The majority of professional reinsurers provide complete reinsurance and service at one source directly to the ceding company.

Reinsurance, Profit Commission : Commission paid by a reinsurer to a ceding office under a proportional reinsurance treaty that is dependent upon the profitability of the total business ceded during each accounting period. Also used, in other arrangements, as any commission contingent on the claims experience.

Reinsurance, Profit Margin : As a pricing factor (along with expenses and losses) the return the reinsurer expects from the degree of net risk taken. As with any investment, the reinsurer expects a larger return from risky than safe investments.

Reinsurance, Proportional Contracts : **Pro-rata or Risk Sharing Treaty** : Which provide for sharing of risk between the Ceding Company and the Reinsurer, on lines similar to those under the facultative method.

Reinsurance, Pro-rata Reinsurance : A generic term describing all forms of reinsurance in which the reinsurer shares a pro-rata portion of the losses and premiums of the ceding company. Also called Share and Participating Reinsurance. Pro rata Reinsurance includes Quota Share Reinsurance and Surplus Reinsurance.

Reinsurance, Pure Loss Cost Ratio : (i) The ratio of reinsurance losses incurred to the ceding company's subject premium. (ii) The ratio of the reinsurance losses incurred and allocated, less expense to the ceding company's gross earned premium.

Reinsurance, *Quantum* :Latin for amount. Where an insured or reassured makes a claim it must first be established whether the insurer or reinsurer is legally liable to pay the claim (i.e. it must be shown the relevant loss is covered under the insurance or reinsurance). If the insurer or reinsurer is liable to pay the claim it must then be established how much is the insurer must pay. For example, there may be deductions for an excess, under insurance or depreciation**.**

Reinsurance, Quota Share Treaty : The Ceding Company binds herself to retain for own account a fixed proportion of all its business in a class, up to a limit, and cede a fixed proportion of all business up to an agreed amount to the Reinsurer, and give the corresponding proportion of the premium income.

Reinsurance, R/I Closing Form : A form on which a direct insurer sets out closing details and which he sends the broker in order that the broker may close the reinsurance with the reinsurers.

Reinsurance, R/I or Direct : Term used on a broker's slip when the broken has an order to place a risk but does not know whether it will be a direct insurance of a reinsurance.

Reinsurance, R/I Treaty Standard Slip : A standard form for us by brokers in the placing of a reinsurance treaty.

Reinsurance, Rate : The percent or factor applied to the ceding company's subject premium to produce the reinsurance premium or the percent applies to the reinsurer's premium to produce the commission.

Reinsurance, Rate on Line : A rate of premium for a reinsurance which if applied to the liability accepted by the reinsurer will produce an annual premium sufficient to meet expected losses over a number of years.

Reinsurance, Reassured : Refer : "Reassured, Reinsurance." The company that purchases reinsurance

Reinsurance, Recapture : The action of a ceding company taking back from a reinsurer insurance previously ceded.

Reinsurance, Reciprocity : Practice of requiring incoming Reinsurance in ex-change for Reinsurance ceded or vice versa based on either premium to premium or profit to profit.

Reinsurance, Reinstatement Clause :When the amount of reinsurance coverage provided under a treaty is reduced by the payment of a reinsurance loss as the result of one catastrophe, the reinsurance cover is automatically reinstated usually by the payment of a reinstatement premium.

Reinsurance, Reinstatement Premium : A pro-rate reinsurance premium is charged for the reinstatement of the amount of reinsurance coverage that was reduced as the result of a reinsurance loss payment under a catastrophe cover.

Reinsurance, Reinsurance Order : Instructions to a broker requesting him to effect a Reinsurance contract.

Reinsurance, Recoverable to Policy Holder Funds : Measures a company's dependence upon its reinsurers and the potential exposures to adjustments on such reinsurance. Its determined from the total coded reinsurance recoverable due for paid losses, unpaid losses, losses incurred by not reported (IBNR), unearned premiums and

commissions less funds held from reinsurers expressed as a percent of policyholder surplus.

Reinsurance, Reinsurance to Close (RITC) : The reinsurance premium, under the Lloyd's system of three year accounting, payable to the following open syndicate year, to cover all outstanding claims liabilities closing the year of account. This reinsurance may also be provided by another syndicate or arrangement as with Equitas accepting the 1992 and prior liabilities of Lloyd's syndicates in 1996.

Reinsurance, Contingent Capital : Refer : Risk Transfer, ART Instruments, Contingent Surplus Notes (Contingent Capital)."

Reinsurance, Surplus : A form of pro rata reinsurance indemnifying the ceding insurer against loss to the extent of the surplus insurance liability ceded, on a share basis similar to quote share. Essentially, this can be viewed as a variable quote share contract wherein the reinsurer's pro-rata share of insurance on individual risks will increase as the amount of insurance increases, given the same reinsurer's retained line, in order that the primary insurer can limit its net exposure to one line, regardless of the amount of insurance written.

Reinsurance, Reinsurer : The Company (or the syndicate in case of Lloyd's) which accepts Reinsurance from the Ceding Company.

Reinsurance, Reinsurers' Association : Group of Reinsurers acting as a cooperative in offering Reinsurance and sharing among themselves, on specified terms, certain Reinsured business.

Reinsurance, Reinsuring Clause : Language that describes the coverage agreed upon by the parties, i.e., what is covered and when. The key components are thee : The indemnity aspect of the agreement, the type of business covered, and the method of determining whether a loss falls within the scope of the agreement. Also known as Cover Clause, Business Reinsured Clause and Application of Agreement Clause.

Reinsurance, Remainder : The amount of a risk to be reinsured after deducting the amount the ceding company is keeping in its own account.

Reinsurance, Retainer Clause : A clause stating how much a company placing reinsurance intends to retain.

Reinsurance, Retention : As per IRDA's General Insurance-Reinsurance Regulations, 2000 "retention" means the amount which an insurer assumes for his own account. In proportionate contracts the retention may be a percentage of the policy limit. In excess of loss contracts, the retention is an amount of loss.

Reinsurance, Retention : The amount of liability the Ceding Company keeps for its account on a risk.

Reinsurance, Retrocession : A Reinsurance of a Reinsurance i.e., where the Insurers desires to limit his liability on Reinsurance accepted and in turn gives off part of his acceptance to another Company.

Reinsurance, Retrocession : As per IRDA's General Insurance-Reinsurance Regulations, 2000 Retrocession means the transaction whereby a reinsurer cedes to another insurer or reinsurer all or part of the reinsurance it has previously assumed.

Reinsurance, Retrocessionnaire : The assuming reinsurer in a retrocession, where the ceding reinsurer is known as the retrocedent. Reinsurer of a Reinsurer.

Reinsurance, Retrospective Rating : A plan or method which permits adjustment of the final reinsurance ceding commission or premium on the basis of the actual loss experience under the subject reinsurance treaty – subject to minimum and maximum limits

Reinsurance, Retrosurance : There is said to be retrosurance when, after reinsurer A has retroceded all or part of his risk to reinsurer B, reinsurer B then further cedes all or part of his risk to a third reinsurer.

Reinsurance, Return Commission : A commission paid by a reinsurer to the ceding company for proportional reinsurance business to recompense the cedant for acquisition expenses.

Reinsurance, Risk Attaching Basis : A basis under which reinsurance is provided for claims arising from policies commencing during to the period to which the reinsurance relates.

Reinsurance, Risk Based Capital : The amount of capital needed to absorb the various risks of operating an insurance business. For example, a higher risk business requires more capital than one with lower risks. The calculation is intended to be unique to each insurer.

Reinsurance, Risk Excess of Loss : Excess of loss reinsurance that related to individual losses affecting only one insured risk at any one time.

Reinsurance, Risks : A term used to denote the physical units of property at risk or the object of insurance protection and not Perils or Hazard. Reinsurance by tradition permits each insurance company to frame its own rules for defining units of Risks. The word is also defined as chance of loss or uncertainty of loss.

Reinsurance, Runoff, Cancellation or Termination : A termination provision in a reinsurance contract stipulating that the reinsurer shall remain liable for loss under each reinsured policy in force until its expiration date.

Reinsurance, Salvage and Subrogation Those rights of the insured which, under the terms of the policy, automatically transfer to the insurer upon settlement of a loss. Salvage applies to any proceeds from the repaired, recovered, or scrapped property. Subrogation refers to the proceeds of negotiations or legal actions against negligent third parties and may apply to either property or casualty coverage.

Reinsurance, Second Surplus Reinsurance : Reinsurance accepted by a second reinsurer in a Surplus Treaty. It is that amount which exceeds the total of the original insurer's net retention and the full limit of the first surplus treaty.

Reinsurance, Selection (of Risk) : A phrase used in reinsurance referring to the practice of ceding poorer business to a reinsurer while retaining good risks.

Reinsurance, Self-Insurance : Setting aside of funds by an individual or organization or ceding company to meet his or its losses and to absorb fluctuations in the amount of loss, the losses being charged against the funds so set aside or accumulated

Reinsurance, Setoff : The reduction of the amount owed by one party to a second party under one agreement or transaction by crediting the first party with amount the second party owes the first party under other agreements or transactions for the purpose of determining the amount, if any, the first party owes to the second.

Reinsurance, Slip : A binder often including more than one reinsurer. At Lloyd's of London, the slip is carried from underwriter to underwriter for initialing and subscribing to a specific share of the risk.

Reinsurance, Slip : A document showing details of Reinsurance proposed to be offered which is circulated to the Reinsurers by the brokers/Ceding Company.

Reinsurance, Solvency Clause : A clause that may be included in a non-proportional reinsurance treaty, providing for the indexation of monetary limits (i.e., excess point and/or the upper limit) in line with a specified index of inflation.

Reinsurance, Special Acceptance : The facultative extension of a reinsurance treaty to embrace a risk not automatically included within its terms.

Reinsurance, Spread Loss (01) The working cover subject to a prospective rating plan. (02) A form of excess reinsurance wherein each year's premium rate is determined by the amount of the ceding insurer's excess losses for a specified number of preceding years. A form of experience rating.

Reinsurance, Stop Loss Reinsurance or Stop Excess of Loss : An aggregate excess of loss reinsurance that provides protection based on the total claims, from all perils, arising in a class or classes over a period. The Excess Point and the Upper Limit are sometimes expressed as a percentage of cedant's premium income rather than in monetary terms, e.g. cover might for a claim ratio in excess of 110% up to a limit of 140%. Where this form of reinsurance exists in practice, it is usual for the cedant to be required to retain a proportion of the risk in the reinsured layer called the coinsurance proportion, to avoid any moral hazard. Also, refer "Aggregate excess of loss Reinsurance."

Reinsurance, Strike Through Clause : A clause providing that in the event of the insolvency of a ceding insurer, the reinsurer continues to be liable for its share of losses, which will then be payable directly to the insured rather than to the liquidator of the insolvent ceding insurer. Also, Refer : "Insolvency Clause, Reinsurance."

Reinsurance, Subject Premium : A cedant's premium (written or earned) to which the reinsurance premium rate is applied to calculate the reinsurance premium. Often, subject premium is gross / net written premium income (GNWPI) or gross/net earned premium income (GNEPI), where the term "gross/net" means gross before deducting reinsurance premiums for the reinsurance agreement under consideration; but net after all other adjustments, e.g., cancellations, refunds, or other reinsurance. Normally, subject premium refers to premium on subject business. Also, known as base premium.

Reinsurance, Surplus : Reinsurance of amounts over a specified amount of insurance, premiums and losses being shared proportionately between insurer and reinsurer.

Reinsurance, Surplus Line : Reinsurance of a risk in excess of the reinsured's retention the reinsurer taking a line, or part of a line, of the business equal to the reinsured's retention limit.

Reinsurance, Surplus Share : A form of proportional reinsurance where the reinsurer assumes pro-rata responsibility for only that portion of any risk which exceeds the company's established retentions.

Reinsurance, Surplus Treaty : A reinsurance treaty whereby one or more reinsurers agree to accept amounts of Reinsurance, called lines, in a certain range of values over a

specified amount (line) retained by the original insurer, the losses being shared proportionately by the original insurer and the reinsurer(s).

Reinsurance, Surplus Treaty and Quota Share Combined : The Ceding Company agrees upon a quota share of every risk subject to a limit, so that it retains a part of the quota and cedes the balance to the Reinsurers. Any surplus over and above the quota share limit is ceded as a surplus, which again is subject to an agreed limit. Thus, the two covers are combined under the treaty.

Reinsurance, Surplus Treaty, First Surplus : The Ceding Company decides the limit of liability which it wishes to retain on any one risk or class of risk and Reinsurers only those amounts surplus over and above its own net retention. It is generally handled on a pro-rata basis.

Reinsurance, SWIFT : SWIFT is an acronym for "Single Window International Facultative and Treaty."

Reinsurance, Syndicate, Lloyd's : A group of Lloyd's Underwriting members (Names) who jointly offer their security for risks accepted on their behalf by an active Underwriting agency. Each name in the syndicate has an individual liability and is not responsibility for the liabilities of his fellow members. Refer : "Name."

Reinsurance, Time and Distance Reinsurance :A type of financial Reinsurance, which had widespread use in the London Market and Lloyd's, whereby an insurer pays a single premium in return for a fixed schedule of future payments matched to the estimated dates and amounts of the insurer's claims outgo. The purpose of such contracts was to achieve the effect of discounting in arriving at the reserves for outstanding claims. Since Lloyd's changed its rules so that the credit allowed for tie and distance policies in a syndicate's accounts was limited to the present value, such policies have become less popular.

Reinsurance, Total Loss Only : A term used in Marine Hull Insurance and reinsurance limiting cover to payment for a total loss. A clause is likely to define whether the cover is to include arranged or compromised total losses and whether sue and labour charges and salvage charges are recoverable.

Reinsurance, Treaties, Bouquet Of : A group of treaty arrangements offered by a Ceding Company as a package deal to reinsures. The Reinsurer is required to take an equal share in all the treaties (across the board), which may mean Writing some business which is normally not accepted, unbalanced or unattractive individually.

Reinsurance, Treaty : Reinsurance under treaties relating to specified classes of policies.

Reinsurance, Treaty Balance : The sum due from a reinsurer to an original insurer or vice versa, under an account of premium and claims payment relating to a reinsurance treaty.

Reinsurance, Treaty Reinsurance : An agreement made between the Ceding Company and the Reinsurer under which the former agrees to cede obligatorily a portion of risk up to agreed limit to the Reinsurer, who in turn agrees to accept such cessions.

Reinsurance, Two Plane Warranty : A provision in an aviation excess of loss reinsurance which relieves the reinsurer of liability unless two or more aircrafts are involved in the same occurrence.

Reinsurance, Two Rig Warranty : A provision in a marine excess of loss reinsurance which relieves the reinsurer of liability unless two or more rigs are involved in the same loss occurrence.

Reinsurance, Two Risks Warranty : A provision in a property reinsurance Catastrophe treaty that the reinsurer will be liable only in respect of claims where at least two risks are involved in one accident.

Reinsurance, Two Vessel Warranty : A provision in a Marine Hull Excess of loss reinsurance which relieves the reinsurer of liability unless two or more vessels are involved in the same loss occurrence.

Reinsurance, Uberrimae Fidei : Literally, of the utmost good faith. A defining characterization or quality of some (contractual) relationships of which reinsurance is universally recognized to be. Among other difference from ordinary relationships, the nature of reinsurance transactions is dependent upon a mutual trust and a lively regard for the interests of the other party, even if inimical to one's own. A breach of utmost good faith, especially in regard to full and voluntary disclosure of the elements of risk of loss, is accepted as grounds for any necessary reformation or redress, including rescission.

Reinsurance, Ultimate Net Loss : The total sum paid by the Ceding Company in settlement of its liabilities, other expenses excluding office expenses and salaries, jess salvage/recoveries and all other Reinsurance recoveries.

Reinsurance, Umbrella Cover : (1) Cover providing excess limits over the normal limits of liability policies and giving additional excess cover for perils not insured by the primary liability policies. (2) In reinsurance cover against an accumulation of losses under one or more classes of insurance arising out of a single event.

Reinsurance, Umbrella Covers or Whole Account Covers or Clash Covers : To protect accumulations of net loss from a number of classes of business but arising from one event, after the operation of all specific Reinsurances in the separate departments.

Reinsurance, Underlying : The amount of loss which attaches before the next higher excess layer of insurance or reinsurance attaches.

Reinsurance, Underwriting and Claims Control Clause : A clause in a reinsurance treaty reserving control of underwriting and claims negotiation to the reinsurer.

Reinsurance, Underwriting or Working or Per Risk Covers : To provide protection in the event of loss caused to one risk or loss arising from one event as the case may be. In contrast to Catastrophe or per event covers.

Reinsurance, Underwriting Year Basis : In rating the use of all premium written as arising from all policies written or renewed during the year and all losses relating to those same policies, whenever they occur.

Reinsurance, Underwriting Year Experience : Simplistically, the segregation of all premiums and losses attributable to policies having an inception or renewal date within a given 12 month period.

Reinsurance, Unearned Premium : That portion of the original premium that applies to the unexpired portion of risk A fire or casualty insurer or reinsurer must carry a reserve against all unearned premiums as a liability in its financial statement, for if the policy should be cancelled, the company would have to pay back the unearned part of the original premium.

Reinsurance, Unlicensed Reinsurance : Reinsurance effected with a reinsurer not licensed to do business in the Country or area of jurisdiction concerned.

Reinsurance, Utmost Good Faith : Firm adherence to promises made to another, including disclosure of all relevant facts, and complete trust in the fidelity of the other. Black's Law Dictionary states :"The most abundant good faith, absolute and perfect candor, openness and honesty; the absence of any concealment or deception, however, slight."

Reinsurance, Valued as Original : A marine reinsurance term making it clear that the reinsurance policy is a valued policy and that the value is the same as in the original policy though not all the cover is necessarily reinsured.

Reinsurance, Values Policy : A form of marine reinsurance under which the reinsurer undertakes to pay a fixed amount if a ship in excess of a specified value becomes a total loss.

Reinsurance, Whole Account Treaty : A reinsurance treaty covering all the insurances written in a section of the ceding insurer's business. Thus, if an underwriter has reinsured his marine account on a whole account basis the reinsurance would apply to incidental non-marine business written in his marine account.

Reinsurance, Work Program : In contract Bond Reinsurance, a clause specifying that reinsurance attached at a specified level of a principal's total volume of work, rather than on the conventional basis of individual contract or bond amount.

Reinsurance, Workers Compensation Catastrophe Policy : Excess of Loss Reinsurance purchased by primary insurers to cover their unlimited medical and compensation liability under the compensation laws of the land.

Reinsurance, Working Cover : A contract covering an area of excess reinsurance in which loss frequently is anticipated.

Reinsurance, Working Excess : A contract covering a type of excess reinsurance (per risk) in which loss frequency is anticipated as opposed to loss severity. Thus a working cover would usually have a low indemnity and would attach above a relatively low retention.

Reinsurance, Working Layer : The first layer above the cedant's retention wherein moderate to heavy loss activity is expected by the cedant and reinsurer. Working layer reinsurance agreements often include adjustable features to reflect actual underwriting results.

Rejection : (i) Refusal by an insurer to underwrite a risk. (ii) Sometimes used to refer to the refusal or denial of a claim by an insurer.

Rejection Risks : Rejection risk Insurance is a form of supplementary coverage offered by the Insurer only to selected clients. This Insurance is concerned with any rejection or condemnation by the government of the country importing edible foods.

Rekindle : To reignite after extinguishment.

Relation of Earnings to Insurance Clause : In disability insurance, a provision that reduced payment to the proportion of policy benefits that the insured's earnings at the time of disability (or average earnings for two years prior to disability) bear to total disability benefits under all policies, also called the average earnings clause.

Relationship Clause : A clause sometimes found in liability policies excluding liability to members of the insured's family.

Release : (1) To give up, abandon, and discharge a claim or an enforceable right to one as against another. (ii) Name of the instrument evidencing such an act. (iii) The act of Writing by which some claim or interest is surrendered to another.

Release of Reserve : Where a company has reserved money for a particular purpose and the reserve or part of it is found not to be required for that purpose it is said to be released.

Remainder : Refer : "Reinsurance, Remainder"

Remainder Period : The period, after the initial period, in a business interruption policy covering wages on a dual basis, during which some payment is made in respect of wages incurred, at less than the 100% provided for the initial period.

Remoteness of Damage : Where damage is only indirectly caused by an event giving rise to liability, or where the occurrence of the damage could not reasonably have been foresee, it is said to be remote and is not recoverable.

Removal : Removing property to protect it from loss. Most personal and commercial property forms cover damage to property at another location when it has been removed from the premises to protect it from loss by a peril insured against.

Removal of Debris (in excess of 1% of the claim amount), Standard Fire and Special Perils Policy (Material Damage) : On payment of additional premium it is permissible to cover cost necessarily incurred by insured in the removal of debris from the premises of the insured, dismantling, demolishing, shoring up or propping of the insured property following destruction or damage by insured peril subject to a maximum limit of Rs. As specified.

Removal of Debris (upto 1% of the claim amount), Standard Fire and Special Perils Policy (Material Damage) : The expenses included up to 1% of the incurred claim amount is included in the sum insured on removal of debris from the premises of the insured, dismantling, demolishing, shoring up or propping of the insured property following destruction or damage by an insured peril.

Removal of Wreck : A ship-owner has an insurable interest in the likely expenses for removal of wreck.

Renew : To continue, to replace, as with a new policy.

Renewable at Insurer's Option : In health insurance a continuance provision that reserves to the insurer the right to refuse to renew the contract.

Renewal : The reinstatement in force and effect of something that is about to expire. With an Insurance Policy it is made either by the Insurance of a new Policy or renewal receipt or certificate under the same conditions, to take effect upon the expiration of the old Policy.

Renewal Agreement : An undertaking by an insurer in a policy to renew the insurance upon the insured's tender of the premium.

Renewal Certificate : A document evidencing effecting of renewal of an original Policy to which it replaces.

Renewal Notice : A notice issued by an Insurer, usually 30 days in advance of the date of expiry of the Policy, remanding the Policyholder that his contract will shortly terminate.

Renewal Premium : The premium payable for the renewal of an insurance.

Renewal Receipt : A document issued in lieu of the Policy at renewal.

Rent Insurance : Insurance for the protection of a building owner's receipts. In the event that a tenant does not pay rent because of perils such as Fire etc. the Insurance Company will pay for such losses.

Rental-Value Insurance : Consequential coverage that insures the loss of rents in the event of the destruction of the insured property.

Reopened Claim : A claim formerly deemed settled, but subsequently re-opened because further payments may be required.

Repatriation Expenses : Under Overseas Mediclaim Policy – Expenses incurred to travel back to home country following sickness abroad.

Replacement : A basis of cover where the insurer pays the cost of replacing the insured item with a similar but new item. Also, referred to as "Replacement as New" or "New for Old" and contrasts with "the principle of indemnity". Also a new policy underwritten to take the place of one currently in force.

Replacement Cost : The value of property as the purchase price of a similar property.

- **Replacement Cost, New** : The cost of replacing or repairing the property damaged, destroyed, or taken without any deduction for physical depreciation or economic obsolescence.

- **Replacement Cost New Less Depreciation and Economic Obsolescence** : The cost of replacing or repairing the property damaged, destroyed, or taken les a deduction for physical (not accounting) depreciation and economic obsolescence.

Replacement Cost Insurance : Insurance providing that the insured will be paid the cost of replacing the damaged property without deduction of depreciation. The usual replacement cost form provides that the property must actually be replaced before the insured may collect a claim under it. It is available only for building, plant and machinery, with few exceptions.

Replacement in Kind : In property insurance, the insurers often retain to themselves an option to pay for the loss or damage or to replace it is kind.

Repairs : A method of indemnifying the claimant against loss of property. As for example, an automobile or a machinery may be damaged in an accident. Insurers may authorize repairs and pay the amount to the repairer Direct or reimburse the insured for the expenses paid by him on repairs.

Report Year (or period) losses : Data gathered on losses, attributing to a given year or period. The total cost of losses that are reported in that year regardless of when the losses occurred, distinguished form accident year loses.

Reporting Contract : An Insurance contract covering stock of goods and often types of property in their actual amounts, these amounts being reported periodically by the insured, and premium based on them. Synonym to declaration Policy.

Reporting Form : A property Insurance form under which the Policy limit is automatically adjusted to equal the value of the property covered.

Representation : Statements made by an applicant on the application that he represents as being substantially true to the best of his knowledge and belief but which are not warranted as exact in every detail.

Representative : An agent or sales representative.

Rescission : An equitable remedy which declares the contract void from its inception, thus, restoring the parties to the position they would have held in the absence of such a contract.

Reserve : Funds set aside for the purpose of meeting obligations as they fall due.

1. **Loss (or Claim) Reserve** : (i) Reserve representing an Insurer'[s estimate of amounts payable for insured losses which have already occurred (including) losses which have occurred but not yet been reported to the Insurer). Loss reserves may be established through estimates for individual cases, as well as through various averaging and formula methods. (ii) Similar reserve established by an organization retaining its own losses.

2. **Reserve for Incurred But Not Reported Losses (or Claims):** Loss reserves established by an Insurer because it knows from past experience that, although it has not yet been informed of them, some events have already occurred that will give rise to insured losses or claims.

3. **Unearned Premium Reserve:** Reserve, for the total of the unearned premiums on policies an Insurer has in force, representing the Insurer's obligation to return unearned premiums on request, and enabling the Insurer to purchase portfolio Reinsurance, if needed.

Res Ipsa Loquitur: Literally translated this expression means "facts speak for themselves.". Under this doctrine, an individual is presumed to be negligent if the circumstances of injury are under his complete and exclusive control and it can be shown that the injury or damage could only have occurred if the individual were negligent.

Res Judicata : The principle that once a competent Court has adjudicated on a point the parties or their successors may not reopen the matter except by way of appeal.

Reserving Versus Provisioning : The following are the main differences between reserve and provision : (i) Mode of Creation : Reserve is created against the charge of the profit and loss appropriation account. Provision is created against the change of the profit and loss account. (ii) Objective : Main objective of reserve is to strengthen the financial position and to meet future unknown losses and liabilities. Objective of provision is to meet known losses and liabilities the amount of which is not certain. (iii) Relation with Profit : Reserve is created when there is enough profit in the business. Provision is created even if there is loss in the business. (v) Distribution : Reserve can be distributed to shareholders as dividend. Provision cannot be distributed as dividend to shareholders.(vi) Future Requirement : Provision is created by estimating the future requirements of the business. (vii) Impact : Impact of reserve will be on financial position. Impact of provision will be on profit or loss of the business.

Residence Employees : An employee whose duties are incidental to the ownership, maintenance or use of personal residential premises and to the personal rather than business activities of the insured.

Residence Premises : In householders insurance, the dwelling, other structures and grounds, or that part of any other building where the named insured lives.

Residual Disability Benefit : A provision in disability income policies that grants benefits based on a reduction in earnings, as opposed to inability to work full time.

Residual Income : A clause used with disability income policies that provides for benefits to be paid when insured can do some but not all of his duties. For example, if the insured suffers a disability that causes him to lose a third of his earning power, the residual disability clause would provide one-third of the benefit that the policy would provide for disability.

Residual Market : Collective term for any of several channels through which an applicant can purchase at least minimum amounts of property, liability and other types of Insurance which Insurers are not willing to provide in the voluntary market.

Residual Market Plan : A mechanism through which high-risk insureds who cannot obtain insurance through normal market channels are insured.

Residual Risks Policy : A contract, supplementary to a Contractors' All Risks Policy issued on a contract by contract basis, to cover minor works, including going back to work on a lapsed contract.

Residual Value : In business interruption insurance expense incurred by the insured to minimize a loss may result in advantage continuing to the insured after the indemnity period covered by the policy. The value os this advantage is called the residual value.

Residuary : The balance remaining, as in an estate after specific bequests and debts have been paid.

Respite Care : Respite care is a benefit to family members of a patient whereby the family is provided with a break or respite from caring for the patient. The patient is confined to a nursing home for needed care for a short period of time.

Respondent : One who answers a charge. The defendant in a legal action.

Respondent Superior : "Let the Master Answer". The principle is liable in certain cases for the wrongful acts of his agent, the doctrine does not apply where the injury occurs while the servant is acting outside the legitimate scope of his authority.

Respondentia : (A contract of Insurance by which a ship or its cargo is pledged as collateral for a loan required to support a maritime venture. In the early days of marine insurance, a ship-owner would borrow money on a mortgage on the ship, and the mortgage would provide that if the ship were lost, the borrower would not have to reply the loan. This was Bottomry, which thus combined money lending with insurance. When cargo instead of hull was involved it was called "respondentia."

Restoration : Reinstatement, as the amount of coverage after a loss.

Restoration Premium : Premium charged to restore a Policy or bond to its original face amount after payment of a loss. Most property and liability Insurance policies do not require restoration premiums to maintain original amounts of coverage.

Restraints : One of the perils covered by a plain for of Marine policy is "arrest, restraints and detainments of all Kings, princess, and people." The term refers to political and executive acts, and does not include a loss caused by riot or by ordinary judicial process. An embargo is a restraint, but the anticipation of an embargo is not "People" means the governing power, not the mob.

Restrictive Covenants Indemnity : An Indemnity against loss arising from acting in breach of a restrictive covenant on land, such as using the land in a way prohibited by such a covenant.

Retainer Clause, Reinsurance : "Refer "Retainer Clause, Reinsurance."

Retaliation : Action taken by a country to restrain its imports from another country that has increased a tariff or imposed other measures that adversely affects the first country's exports.

Retention : (1) Amount of an Insurer/s liability retained under a given Policy equal to the gross line minus Reinsurance. (2) Method of financing an organization is potential losses through its own funds rather than through Insurance or other external sources. (3) Potential rupee amount of losses from the exposures which such an organization retains.

Retention Bonds : Refer "Bond, Bid "

Retention of Risk : Assuming all or part of a risk instead of purchasing insurance or otherwise transferring the risk. One of the four major risk management technique.

Retention, Planned : Retention that results from a conscious decision. Active, not passive retention.

Retroactive Date, Liability Insurance : The Retroactive Date is more commonly referred to as a Prior Acts Date. The date that defines the extent of coverage in time under claims-made liability policies. The prior acts date is usually the same date from which continuous coverage was first obtained by the current or predecessor firm. Claims resulting from occurrence's prior to the policy's stated retroactive date are not insured. Policies can contain a Prior Acts Date or be designated as having Full Prior Acts. The first year a firm is covered, their prior acts date will most likely be the date of policy inception. It is critical that coverage is maintained continuously to preserve a firms prior acts date and thus coverage of work performed back to that date. A gap in coverage will jeopardize a firms prior acts date. If a firm changes insurance company, it is important the same prior acts date appears on the new policy. With the exception of some non-admitted companies, most insurance companies will honor a firms prior acts date when switching companies.

Retroactive Period : In health Insurance, a period of time at the onset of an injury or disease during which no benefits are payable unless the injury or disease causes disability which extends beyond the retroactive period. If disability last longer than the retroactive period, then benefits are payable retroactively from the first day of disability.

Retrocession : Refer : "Reinsurance, Retrocession."

Retrospective Date : The first date for which claims will be paid under a claims-made policy of liability insurance.

Retrospective Premiums : Premiums dependent on loss experience during the year.

Retrospective Rating : Refer : "Rating, Retrospective Rating."

Return Commission : Refer : "Reinsurance, Return Commission."

Return for layup and cancellation, Marine Hull : No return of premium is payable once the risk has attached, unless the underwriters avoids the contract through breach of warranty and there has been no fraud on the part of the insured. However, in a time policy on hull, it is equitable that there should be a return of premium when the risk is reduced by cancellation of part of the insured period or when a vessel is laid up in a port where it is not subject to so many perils. Cancellations for reasons other than sale or transfer are provided for in returns clause, where the return allowed is only in respect of each uncommented month that the policy is cancelled. The presence of cargo on board the vessel or loading or unloading operations shall not debar returns. However, no returns will be allowed for any period while the vessel is being used for storage of cargo or for lightering purposes.

Return for No Claim : A provision found in some policies that if no claim is made under an insurance, the insurer will return part of the premium.

Return on Policyholder Surplus (Return on Equity) : The sum of after-tax net income and unrealized capital gains, to the man of prior and current year end policyholder surplus, expressed as a percent. This ratio measures a company's overall after-tax profitability from underwriting and investment activity.

Return Period : The period within which it is mathematically probable that a natural phenomenon such as an earthquake of given intensity will recur.

Return Premium : Portion of the premium returned to an insured as a result of a Policy cancellation, rate adjustment or a calculation that a deposit premium was unnecessarily large.

Reunderwriting : Reunderwtriting is the process by which the profitability of a portfolio is managed and the claims that take place are duly examined for identifying the loss exposures and taking necessary correction for implementation.

Reversed Onus of Proof : The law normally places on a party to a lawsuit the burden of proving certain facts. This onus of proof if sometimes shifted to another party either by statute or by contract.

Reversion : (1) A right to succeed to property or a position. (2) The repossession of property after a lapse of tie or the happening of an event.

Revival : The reinstatement of a lapsed policy by the company on receipt of evidence of insurability and payment of past due premiums with penalty and/or interest and subject to proviso that no claim arose during the period of lapse and that no claim shall be entertained if occurred / arose during the period of lapse.

Revocable Beneficiary : A beneficiary designation that may be changed by the Policy owner without the consent of the existing beneficiary.

Rider : A document that modifies the protection of a policy, either expanding or decreasing its benefits or adding or excluding certain conditions from the policy. Same as an Endorsement.

Riesco : At Lloyd's a basis of allocating investment income n a calendar year over different years of accounts.

Right of Entry Clause : In majority of the property Insurance policies this condition confers certain rights on the Insurers which are necessary for the Insurers to ascertain the cause and extent of loss or damage to minimize the damage and to protect the savage. The right of entry is explicitly reserved by Insurers without committing the offence of trespass.

Riot : It is violent action by two or more persons.

Rioting : Section 146 define Rioting as "Whenever force or violence is used by an unlawful assembly, or by any member thereof, in prosecution of the common object of such assembly, every member of such assembly is guilty of the offence of rioting."

Risk : (i) Possibility of loss or exposure to loss, (ii) Probability or chance of loss, (iii) Peril which may cause loss, (iv) Hazard, or condition which increases the likely frequency or severity of loss. (v) Property or person exposed to loss, (vi) Potential rupee amount of loss. (vii) Variations in actual losses. (viii) Probability that actual losses will vary from expected losses. (ix) psychological uncertainty concerning loss. (x) Concise Oxford Dictionary : Risk, hazard, chance of bad consequences, loss etc., ; exposure to mischance (xi) Chamber's English Dictionary : Risk : hazard, danger, chance of loss or injury, the degree of probability of loss, a Person, thing or factor likely to cause loss or danger (xii) ISO 31000 – standard prescribed by the International Organization for Standardization defines "Risk" as the effect of uncertainty on objectives, whether positive or negative.

Risk and Insurance Management Society, Inc., New York (RIMS) : Organization for risk and Insurance managers of commercial and industrial enterprises, public entities and service organizations in both the profit and non-profit sectors.

Risk Attaching Basis : Refer : "Reinsurance, Risk Attaching Basis."

Risk Management : "The identification, evaluation, control and prevention, and transfer of risk." Some other definitions include (a) The protection of assets, earnings, liabilities and people of an enterprise with maximum efficiency and at minimum cost. (b) The identification an evaluation of the threats to the expectations of an organization and the development of means whereby the expectations will be fulfilled in the most efficient manner by removing or reducing those threats. (c) The identification, measurement and economic control of risk that threaten the assets an earnings of a business or other enterprise. (d) Risk Management is the identification, assessment and prioritization of risks followed by coordinated and economical application of resources to minimize, monitor and control the probability and/or impact of unfortunate events or to maximize the realization of opportunities. (e) Risk Management is the process of measuring, or assessing, risk and developing strategies to manage it. Strategies include avoiding the risk, reducing the negative effect of the risk, transferring the risk to another party and accepting some or all of its consequences. (f) Traditional risk management focuses on risks emanating from physical or legal causes (e.g., natural disasters or fires, accidents, death and lawsuits. (g) Financial risk management focuses on risks that can be managed using traded financial instrument. (h) For nonprofit organizations, the definition can read : The identification, measurement and economic control of risk that threaten the continued provision of essential goods and services.

Risk Management : A management discipline whose goal is to protect the assets and profits of an organization by reducing the potential for loss before it occurs, and financing, through Insurance and other means, potential exposures to catastrophic loss such as acts of God, human error or court judgments. In practice, the process consists of logical steps : risk or exposure identification; measurement and evaluation of exposures identified; control of those exposures through elimination and/or reduction; and financing the remaining exposures so that the organization, in the event of a major loss, can continue to function without severe hardship to its financial stability.

Risk Management : Reputation Risk Management : Reputation risk is the risk of loss resulting from damage to a company's reputation, in lost revenue or destruction of shareholder value, even if the company is not found guilty of a crime. Reputation risk can be a matter of corporate trust but serves also as a tools in crisis prevention. Usually reputation risk is informational in nature and could be difficult to realize financially. Extreme cases could even lead to bankruptcy. Factors influencing reputation are (i) brand (ii) financial strength (iii) Leadership and management (iv) quality of products and services (v) risk management (vi) work place culture (vii) corporate social responsibility (viii) media coverage (ix) crisis management (x) customer relationship and (xi) mission and values.

Reputation Risk Management is a set of actions and policies taken and established while reputation problems are still latent in order to reduce the probability and/or the expected costs of latent reputation problems materializing. Example of potential internal reputation risks are lack of coherent strategy, corporate responsibility issues, bad quality of service, work stress environment, management related issues, internal fraud, corruption/money laundering, data privacy issues, misspelling practices. The external reputation risks are natural catastrophes, cybercrimes, regulatory and market environment and change in consumer behavior.

Reputation Risk Management like Risk Management framework requires (a) early identification of potential reputation risks and tracking of current risks (b) monitoring of potential and actual reputational risks (c) risk assessment (d) Risk prioritization (e) Actions to mitigate risks.

Risk Management Consultant : A Risk Management Consultant is an expert who can be hired on a project or retainer basis to help solve specific problems. They provide advisory on not only conventional insurance, but also on topics like self-insurance, claims management, loss prevention and project advisory.

Risk Management Objectives : The post-loss and pre-loss objectives that a business or family wishes to achieve through risk management.

Risk Management Policy Statement : Sample of Policy Statement : Risk management is the process of making and carrying out decisions that will minimize the adverse effect of accidental losses upon our company. The risk management process is vital to the personal health and safety of employees and the safety of the public. In financial terms, it is vital to our ability to pursue our goals, commence and operate programs, and to perform duties in an efficient and professional manner.

Risk Management v/s Management for Business Continuity and Disaster / Emergency / Catastrophe – Recovery Planning : Catastrophe, disaster and emergency – all of these terms are low frequency high severity which may lead to : substantial loss of life, high value property damage, long interruption periods and all other associated effects.

Catastrophe, disaster and emergency – all of these terms are low frequency high severity which may lead to : substantial loss of life, high value property damage, long interruption periods and all other associated effects.

Catastrophe : A sudden and widespread disaster. FEMA definition : "……. Any natural or manmade incident, including terrorism, that results in extraordinary levels of mass casualties, damage or disruption severely affecting the population, infrastructure, environment, economy, national morale, and or government functions. Compared to disaster, in a catastrophe most or all of the community built structure is heavily impacted; most, if not all, of the everyday community functions are sharply and simultaneously interrupted and help from nearby communities cannot be provided.

Disaster : Disaster Management Act 2005 defines disaster as "Disaster is an event of natural or manmade causes that lead to sudden disruption of normalcy within society, causing damage to life and property to such an extent that is beyond the capacity of normal social and economic mechanism to cope up with."

Industrial Disaster : "Industrial Disasters are caused by chemical, mechanical, civil, electrical or other process failures due to accident, negligence or incompetence, in an industrial plant which may spill over to the areas outside the plant causing damage to life and property."

Chemical Disasters : "Chemical disasters are occurrences of emission, fire or explosion involving one or more hazardous chemicals in the course of industrial activity or storage or transportation or due to natural events leading to serious effects inside or outside the installation likely to cause loss of life and property including adverse effects on the environment.

Emergency : Emergency is an unplanned event that significantly : Disrupts normal operations, poses serious threat to persons or property, cannot be managed by routine response, requires a quick and coordinated response across multiple departments or divisions.

Threats that can lead to emergency / disaster / catastrophe

1. **Environmental Disasters :** Tornado, Hurricane, Flood, Snowstorm, Drought, Earthquake, Electrical storms, Fire, Subsidence and Landslides, Freezing conditions, Contamination and environmental hazards, Epidemic.

2. **Organized and/or Deliberate Disruption :** Act of terrorism, act of sabotage, act of war, theft, arson, labour disputes / industrial action.

3. **Loss of Utilities and Services :** Electrical power failure, loss of gas supply, loss of water supply, petroleum and oil shortage, communications services breakdown, loss of drainage / waste removal

4. **Equipment or System Failure :** Internal power failure, air conditioning failure, production line failure, cooling plant failure, equipment failure (excluding IT hardware)

5. **Serious Information Security Incidents :** Cybercrime, Loss of records or data, Disclosure of sensitive information, IT system failure.

6. **Other Emergency situation :** Workplace violence, Public transportation disruption, Neighborhood hazard, Health and safety regulations, Employee morale, Mergers and acquisitions, Negative publicity, legal problems.

Plan for Business continuity (Business Continuity Plan (BCP) : A business continuity plan is a comprehensive statement of consistent actions to be taken

before, during and after a disaster. The plan should be documented and tested to ensure continuity of operations and availability of critical resources in the event of a disaster.

Business Continuing Planning is an interdisplinary peer mentoring methodology used to create and validate a practiced logistical plan for how an organization will recover and restore partially or completely interrupted critical function(s) within a predetermined time after a disaster or extended disruption. The logistical plan is called Business Continuity Plan. In plain language BCP is how an organization prepared for future incidents that could jeopardize the organization's core mission and its long term health. It is aimed at reducing operational risk associated with information management controls.

Reserve Bank of India vide circular dated 15th April 2005 titled "Operational Risk Management – Business Continuity Planning" directed Indian Banks to make BCP a pre-requisite as "Business Continuity Planning is a key pre-requisite for minimizing the adverse effects of one of the important areas of operational risk – business disruption and system failures. It is imperative that all bans have BCP's in place to be in readiness to tackle serious business disruptions."

The key tasks in BCP are (a) to identify which operations and supporting activities need to be restarted after a disaster, (b) the maximum acceptable time limits by which they must restart, and the resources need to restart them, (c) Identify contingencies for the required resources, (d) Select a cost-effective strategy for restarting operations, (e) develop the BCP to guide and direct restart of operations and (f) Test the BCP, train staff in how to use it, and keep it up to date. If a BCP is to be correctly constructed and to operate successfully it must involve all levels of management and must cover action to be taken following a disaster, staff responsible for specific tasks, essential operations and systems, action required to restart operations, emergency data processing arrangements, off-site backup requirements, supplies requirements, and means of keeping staff and others informed of arrangements and developments.

Phases of a Disaster : (i) Crisis phase (ii) Emergency response phase (iii) Recovery phase (iv) Restoration phase.

Business Continuity Planning Process should reflect following objectives (1) Business continuity planning is about maintaining, resuming and recovering the business, not just the recovery of the technology. (2) Planning process should be conducted on an enterprise-wide basis (3) Business impact analysis and risk assessment are foundation of an effective BCP. (4) The effectiveness of a BCP can only be validated through testing or practical application (5) The BCP and test results should be subjected to an independent audit and reviewed by the board of directors (6) The BCP and test results should be subject to an independent audit and reviewed by the board of directors and (7) BCP should be periodically updated to reflect and respond to changes in the financial institution or its service provider/s.

Business Impact Analysis (BIA) Methods : Enterprises typically consider business impact (i) Recovery time objectives (RTOs) specifying amount of downtime a business can tolerate and (ii) Recovery point objective (RPOs) specifying the amount of unrecoverable transactions or data the company can tolerate. Both are converging on zero.

BCP Standards and Extracts : Number of standards for BCP are prescribed by various agencies such as :

- BS 17799 Information Security Standard
- BS 25999 BCP Standard
- ISO 9000:2000
- NFPA 1600
- ISO 17799 Information Security Management Standard.

Risk Management Versus Anti-money laundering related risks : Anti money laundering as a risk category came into focus from 2001 after the vulnerability of financial sector money laundering was considered as a serious issue globally. IRDAI has prescribed the framework for controls from AML ANGLE. Verification of customer KYC, training of employees and sales force, monitoring of customer transactions, system of generation of alerts for suspicious and cash transactions are some of the key controls prescribed. Whilst internal controls can be managed it is the external controls such as field practices of sales persons are required to be monitored. Risk Management and Rick control units must have strong supervision on the field practices and advice management of the controls to be put in place. AML violations are in high risk category.

Risk Management Versus Compliance Risk Management : Compliance Risk is the risk that the Company's actions or inactions might result into potential regulatory interventions or regulatory actions which could adversely affect the company's reputation. This is important risk especially in the insurance sector given that many insurance companies have been penalized by IRDAI in the recent past. Compliance risk management aims to proactively identify the compliance risks by the respective functional units, identifying the current controls and taking corrective actions to mitigate the compliance risks. The Chief Compliance Officer puts into place a framework for the purpose. The compliance with applicable regulations is the responsibility of the respective functional units viz., compliance risk management process is owned by the respective function units with the Chief Compliance Officer facilitating the process. The process requires (a) Identification of potential compliance risks (b) Rating of the risks (c) Current controls in place and evaluation of adequacy of current controls (d) Identification of new actions required to mitigate the risk (e) Projected risk rating after implementation of new actionable owner (h) Discussions with Management Committee comprising of all direct reportees of CEO on the compliance Risk Management program.

Risk Management Versus Economics : Economists have conceived of subjective risk in terms of utility functions, liquidity preference, and capitalization of income streams. The risk averter, for example, can be described in terms of a utility curve that is convex from above when measuring his attitudes toward wealth or income. He may be described in terms of his penchant for cash and in terms of the interest return he requires for not holding cash. Finally, his risk may be described in terms of the rate at which he capitalizes a given income stream expected from an investment. Risk takers will end to exhibit opposite characteristics from risk averters. Some success has been achieved in identifying risk preference in economic terms; however., economists generally have not considered types of risk other than financial risk in their analysis.

Risk Management Versus Enterprise Risk Management : (ERM) : Enterprise Risk Management (ERM) in business includes the methods and processes used by

organizations to manage risks and seize opportunities' related to the achievement of their objectives. ERM can also be described as a risk-based approach to managing an enterprise, integrating concepts of strategic planning, operations management, and internal control.

In its "Overview" of Enterprise Risk Management," the Casualty Actuarial Society describes ERM as "……… the discipline by which an organization in any industry assesses, controls, exploits, finances and monitors risk from all sources for the purposes of increasing the organization's short and long term value to its stakeholders.

Similarly, COSO (Committee of Sponsoring Organizations) defined ERM as : "…… a process, affected by an entity's board of directors, management and other personnel, applied in a strategy setting and across the enterprise, designed to identify potential events that may affect the entity, and manage risk to be within its risk appetite, to provide reasonable assurance regarding the achievement of entity goals."

There are eight components viz.,

(1) Internal Environment
(2) Objective setting
(3) Event Identification
(4) Risk Assessment
(5) Risk Response
(6) Control Activities
(7) Information and communication, and
(8) Monitoring.

These eights components are used for achieving the four categories of objectives of the framework of ERM viz., (i) Strategic High level goals : designed to support the entity's mission or vision (ii) Operations: efficiency of operations including achievement of performance, goals and safeguarding against loss (iii) Reporting : reliable financial and operational data and reports and (iv) Compliance : with laws and regulations.

Risk Management Versus Management : **Management Defined** : Management may be defined as the process of planning, organizing, Directing and controlling the resources and activities of an organization in order to fulfill the objectives of that organization at the least possible cost.

Risk Management Defined : Risk management may be defined as the process of planning, organizing, Directing and controlling the resources and activities of an organization in order to minimize the adverse effects of accidental losses on that organization at the least possible cost.

Management and Risk Management, Common Characteristics : Because risk management is a form of management it,, lie all management : (i) is Directed toward the goals of the organization, (ii) requires the making and implementing of decision, and (iii) is performed through the planning, organizing, directing and controlling of the efforts of others.

Risk Management Versus Political Science : Risk is an important element in describing the basic development of society, which may itself be viewed as a risk-handling device. The more elaborate and structured a given society is, the more likely it is that persons within the society will exhibit risk aversion as an individual trait. However, this hypothesis can only be supported within Direct evidence.

Risk Management Versus Psychology : Psychologists have Directed their efforts in identifying and measuring risk attitudes by studying personality variables. Other than financial risk, they have identified social or physiological risk. They have studied the degree of consistency of risk behavior across different variables and have analyzed and contrasted group versus individual risk attitudes. The risk averter is described in psychological terms as one who has a low need for achievement and whose life experience tends to show a lack of interest in activities commonly identified with the masculine role (through sports, dangerous or daring activities, and the like).

The risk averter also exhibits a relatively high degree of ambivalence it the type of risk concerned is either physical or social. This same individual, however, may well be willing to take relatively high financial risk. This finding emphasizes the need for distinguishing different types or risk before attempting generalization. Psychologists have also shown that different measures of risk do not always agree with one another when tested on the same group of subjects. Thus, peer valuation may not agree with other measures of risk. Group discussion has been shown to have the effect of increasing the degree of individual member of the group. The popularity of the committee in business and social life may be explained by this fact, and group action may be an effective way to secure more acceptable decisions under uncertainty. This conclusion supports the position that increasing risk aversion in society has brought about increased use of committees that are able to produce decisions on risky matters with greater facility than individual managers.

Risk Management Versus Religion : Several aspects of religion may be described in terms of their risk dimensions. Empirical evidence supports the hypothesis that increasing concern with religious values reflects greater concern in society with subjective risk.

Risk Management Versus Risk Management in Insurance Industry : Insurance companies are prone to many risks in running the insurance business which can be classified as (a) Insurance Risks : Insurance risks such as product risk being priced inappropriately or mis-sold to the customers and the risk of the entity not being adequately insured. (b) Financial or Investments Risks reflect the exposure of the business to the performance of the investment market. Investment risk include equity / property risks, currency risk, interest rate risk, credit risk, liquidity risk or the asset liability mismatch risk. (c) Strategic risks arising from the inability to adapt to change in the business environment including economic changes, changes in competition, social change, regulatory change, operational risks.

Managing Insurance Risks in Insurance Industry : Claims and underwriting processes are subject to regular review from internal and external audit and from reinsurers. Exposures to insurance are managed through

Reinsurance, reducing claims volatility and providing access to global expertize in specialist areas. From Pricing perspective the Product actuary prepares the cash flows based on various assumptions, conducts profit testing, sensitivity analysis and determine the premium rates. All product developments consider risk management and mitigation strategies ensuring that the risks accepted, and reward in terms of value creation, consistent with the Risk Management Policy.

Managing Insurer's Financial Risks : Investment performance and asset allocations are reported and analyzed regularly Liquidity is monitored. Products are reviewed and asset liability capability is reviewed annually.

Managing Insurer's Strategic Risks : The Risk Management plan is reviewed each year by the Risk management committee as well as the Board of Directors. Business initiatives to support these strategies are identified for each functional unit and

actively managed through project roadmaps and business operating plans as part of daily operations.

Managing Insurer's Operational Risks : The Functional heads perform on going risk profiling that seek to ensure that operational risks are identified, assessed, recorded and managed and that controls implemented are effective and consistent with the Board's risk appetite. Key risks are monitored regularly.

Risk Management Versus Science : Science advances knowledge, and presumably anything that advances knowledge tends to reduce subjective risk. Yet as science advances, new doors to new unknown are opened, thus creating a new chain of uncertainties. However, the net effect of scientific advances is very likely to reduce subjective risk feeling by increasing one's confidence the eventual solution of future problems. The potential effects of science on the Insurance industry are profound

Risk Management Versus Strategic Management : It is a view held by some Authorities that "strategic management" would be a better term in place "risk management" in order to describe and explain the management techniques suitable for any types of uncertainty. Strategic management, in its broader sense would differ from risk management of exposures to accidental losses (a) Strategic management encompasses both pure and speculative risks with equal importance, (b) Strategic management aims at growth of an organization to fulfill its full productive potential (c) Strategic management focuses on an organization as a whole and not only on loss exposures. Thus, risk management of exposures to accidental losses can be viewed as part of strategic management and therefore becomes an independent discipline and part of the more generic strategic management.

As against, the major Risk Management objectives for an enterprise can be mere survival, peace of mind, lower risk management costs and thus higher profits, fairly stable earnings, little or no interruption of operations, continued growth, satisfaction of the firm's sense of social responsibility or desire for a good corporate image, satisfaction of externally imposed obligations (e.g., legislative requirements). "Risk Management" is as such become a popular term. Its use has grown as experts in multiple fields have recognized their inability to precisely predict outcomes in specific situations within their areas of operation.

Risk Management, as a Decision Process : Once an organization's Sr. management has declared minimizing the adverse effect of accidental losses to be a goal, one logical procedure for achieving this goal is to (i) identify and analyze exposures which may lead to accidental losses; (ii) formulate feasible risk management alternatives for dealing with these exposures; (iii) select the apparently best alternative technique or combination of techniques; (iv) implement the chosen techniques; (v) monitor the results; and if necessary (vi) modify the chosen techniques to adapt to change in loss exposures or to tolerable changes in the level of losses.

Risk Management, Modified Competitive Bidding; A process under which the risk manager invites producers and Insurers to suggest Insurance coverage that will best meet the needs of his firm subject to some broad directives and cost considerations.

Risk Management, Object : According to Fayol : "The object of this (security activity) is to safeguard property and persons against theft, Fire and flood, to ward of strikes and felonies and broadly all social disturbances or natural disturbances likely to endanger the progress and even the life of the business. It is the master's eye, the watch dog of the one man business, the police or the army in the case of the state. It is, generally speaking, all measures conferring security upon the undertaking and requisite peace of mind upon the personnel".

Risk Management, Policy Statement : A statement of (i) the risk management objectives of a business, and (ii) the authority and responsibility of the risk manager. (B) Risk management policy statement in a written

Risk Management : Policy Statement

Risk management is the process of making and carrying out decisions that will minimize the adverse effect of accidental losses upon our company. The risk management process is vital to the personal health and safety of employees and the safety of the public. In financial terms, it is vital to our ability to pursue our goals, commence and operate programs, and to perform duties in an efficient and professional manner.

The senior management of organization <name> has formed a risk management program to pursue our risk management goals and objectives. These goals and objectives include:

1. Avoiding exposure to accidental loss by not undertaking functions, contracts, programs or activities where the potential loss is greater than the potential benefit to be derived from these undertakings
2. Preventing loss by identifying loss exposures and implementing policies and procedures to reduce the risk of these losses occurring
3. Controlling losses that do occur by:
   - Assisting and supporting injured parties
   - Developing contingency plans for possible loss scenarios
   - Proper documentation and investigation of losses
4. Determining the most cost effective balance of different risk financing tools.
5. Raising the awareness of all board members, senior managers, employees, volunteers and residents concerning risk management within our organization. These goals and objectives will be accomplished by:
   - Establishing a Risk Management Committee with representatives from each department, whose responsibilities will be to implement, monitor, evaluate and revise plans to achieve our goals and objectives
   - Electing a Risk Management Coordinator to serve as the head of the Risk Management Committee and report to the council
   - Including risk management as an item for discussion at every staff meeting

Cooperation is needed, and expected, from all management and employees. Only by working as a team with common goals and objectives can we ensure the success of this risk management program.

Risk Manager : Risk managers advise organizations on any potential risks to the profitability or existence of the company. They identify and assess threats, put plans in place for if things go wrong and decide how to avoid, reduce or transfer risks.

Risk Manager, Responsibilities : Risk managers are responsible for managing the risk to the organisation, its employees, customers, reputation, assets and interests of stakeholders. They may work in a variety of sectors and may specialize in a number of areas including:

- Enterprise risk;
- Corporate governance;
- Regulatory and operational risk;
- Business continuity;
- Information and security risk;
- Technology risk;
- Market and credit risk.
- Responsibilities

Specific tasks depend on the industry in which a Risk Manager is working, how specialized his role is and the level at which he is working. However, key activities may include:

a. Planning, designing and implementing an overall risk management process for the organisation;
b. Risk assessment, which involves analyzing risks as well as identifying, describing and estimating the risks affecting the business;
c. Risk evaluation, which involves comparing estimated risks with criteria established by the organisation such as costs, legal requirements and environmental factors, and evaluating the organization's previous handling of risks;
d. Establishing and quantifying the organization's 'risk appetite', i.e. the level of risk they are prepared to accept;
e. Risk reporting in an appropriate way for different audiences, for example, to the board of directors so they understand the most significant risks, to business heads to ensure they are aware of risks relevant to their parts of the business and to individuals to understand their accountability for individual risks;
f. Corporate governance involving external risk reporting to stakeholders;
g. Carrying out processes such as purchasing insurance, implementing health and safety measures and making business continuity plans to limit risks and prepare for if things go wrong;
h. Conducting audits of policy and compliance to standards, including liaison with internal and external auditors;
i. Providing support, education and training to staff to build risk awareness within the organisation.

Risk, Costs : The costs imposed by the existence of risk can be identified in three areas :

- **Cost of the Loss** : This includes both direct and indirect costs. (i) Direct costs being those immediately attributable to the event – e.g. repairs to a damaged

vehicle, replacement of goods damaged as the result of a collision, third party compensation, if necessary, assessor's expenses etc.

- **Cost of Handling Risk** : Tim spent on identification, analysis and negotiation of insurance covers could be more profitably employed in income generating activities. The additional monetary costs of loss prevention and reduction together with the costs of consultancy fees and insurers' profit loading serve to reduce the profitability of the company.

- **Costs Imposed by Risk** : Because we live in an uncertain world, individuals are willing to pay amounts in excess of the sums which they stand to lose, on average, in the long term i.e., over their lifetime. This is known as the expected value of loss. The cost of risk, is thus, dependent on three variables, viz., (a) Risk control measures, (b) Uninsured losses and (c) Insurance.

Risk, Costs, Distribution of Cost of Risks basis :

- **Private Costs** are those costs necessarily incurred by the individual or firm engaging in a particular activity.

- **Social Costs** are those which fall on the community at large arising out of that activity.

Risk, Analysis of : Process of locating loss exposures, measuring the amount of loss that exposures can produce, estimating the loss probability, and evaluating the exposures to determine actions necessary to meet the business (or family) risk management objective.

Risk, Avoidance : Any measure which reduces to zero the probability of a loss from a given exposure may be property classified as risk avoidance. Risk avoidance may be achieved by either abandoning or never undertaking an asset or activity which involves the loss exposure being avoided. (By some authorities, risk avoidance is also called 'risk elimination' because risk avoidance eliminates entirely a given exposure to loss.)

Risk, Based Capital : The assessment of the capital requirement for a general insurer by considering the risk profile of the business written and its operations. The required minimum margins of solvency are determined after considering IRDA requirements in India.

Risk, Chance of : The long run relative frequency of a loss, and is best expressed as the probable number and severity of losses out of a given amount of exposures, using the probable number of losses times its average severity as the numerator and the total value exposed to loss as the denominator when expressed as a fraction.

Risk, Commercial and Insurable : The principal distinction is that while some risks are amenable to insurance e.g., state and pure risks – others are not. Commercial Risks are normally associated with speculative or dynamic risks and are usually regarded as being uninsurable.

Risk, Control : Risk control measures attack risk by lowering the chance that a loss will occur or by reducing its severity if it does occur.

Risk, Control Alternatives :

a. **Risk Avoidance** : To completely eliminate the chance of a particular type of loss.
b. **Loss Prevention** : To reduce (but not totally eliminate) the chance of a given loss:
c. **Loss Reduction** : To reduce the severity of those losses which do occur;

d. **Separation or Diversification of Loss Exposure** : To reduce concentration of value subject to a single accident and to make aggregate losses more predictable:
e. **Non-Insurance Transfers** : Rid the organization of any responsibility for the loss:
f. **Risk Retention** : Characterized by paying losses with funds that originate within the organization ; or
g. **Risk Transfer** : Using funds that originate outside the organization.

Risk, Control Tool : A technique designed to change the loss exposure itself, the objective being to reduce the frequency or severity of the potential losses or to make those loss more predictable.

Risk, Cost of : Expenditures which an entity makes because of its exposures to accidental losses. Cost of risk can be computed as the sum of retained losses, plus Insurance premiums, plus expenditures for loss control, plus the administrative cost of operating a risk management.

Risk, Definition : European Union/European Economic Area - Definition of a Risk : A risk is deemed to be located in an European Union or European Economic Area member state if it is: (a) a building (and its contents issued under the same policy) situated in that state; (b) a motor vehicle, ship, yacht or aircraft registered in that state; (c) a travel policy for four months or less taken out in that state. For any other type of insurance (including a life insurance) it is an individual if the policyholder is habitually resident in the member state or a business or an organization if the establishment to which the contract relates is situated in that state. **European Economic Area** : The member states of the European Union plus Norway, Iceland and Liechtenstein. **European Union** : The European Union is made up of 27 Member States: Austria, Belgium, Bulgaria, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden and the United Kingdom.

Risk, Degree of : probable variation of actual experience from expected experience

Risk, Developmental : Risks attaching to products which have recently been launched and which for scientific or technological reasons cannot be anticipated due to the newness of the product.

Risk, Directly Controllable by Management: are those including risks normally associated with commercial management such as staff selection and control.

Risk, Dynamic : These are more property identified with the factors causing change. Dynamic risks are those associated with changes in society and arise from market, management and/or political forces and can result in either profit or loss.

Risk, Factor : A factor that is expected possibility with the support of statistical evidence, to have an influence on the intensity of risk in an insurance cover.

Risk, Financial : Possibility that a project may fail for lack of adequate capital. This is a speculative risk, not normally within the scope of risk management unless potential suppliers of capital are reluctant to venture their funds because the project involves excessive pure risk.

Risk, Financing : Measures to finance the losses that do occur. Funds may be required to repair or restore damaged property, to settle liability claims, or to replace the services of disabled or deceased employees or owners. In some instances, the firm will decide not to restore the damaged property or replace the disabled or deceased person. Nevertheless, it may also have suffered a financial loss through a reduction in its assets or its future earning power. he tools in this second category include (i) those

transfers, including purchase of Insurance, that are not considered risk control devices and (ii) retention, which includes "self-Insurance."

Risk, Financing Tool : A technique designed to provide money to deal with those losses that do occur.

a. **Capital Budgeting** : A process used to determine whether to make long-term (more than one-year) investments.

b. **Critical Probability Method** : A method that tells a risk manager to by Insurance instead of retaining the exposure if the probability that the losses will exceed the premium savings exceeds a critical probability selected by the risk manager. Persons with high worry values will normally set low critical probabilities.

c. **Expected Tangible Loss Method** : A method that Directs the risk manager to select the tool that would produce the lowest average tangible rupee outlay in the long run.

d. **Insurance** : A transfer under which the source of funds in an Insurer. As an institution, Insurance is a device that combines the risk of two or more Insureds through actual or promised contribution to a fund out of which claims are paid.

e. **Internal Rate of Return Method** : A capital budgeting method under which the financial manager first calculates the discount rate that would equate the present value of the net cash inflow with the amount of the investment. If this discount rate is less than the firm's cost of capital or some other desired minimum return, the investment is not worthwhile. If the discount, rate equals or exceeds this desired minimum return, the investment may be worthwhile but its internal rate of return must be compared with the corresponding return on other possible investments.

f. **Loss Matrix**: A listing of the rupee losses associated with each possible risk management tool and each possible outcome. For example, a decision to retain would produce a loss of Rs. 10,000 if a Rs. 10,000 loss occurs. A decision to purchase complete Insurance would produce a 'loss' of the Insurance premium no matter what the outcome may be. The original loss matrix should be converted to an after-tax basis and extended to include the intangible costs worry caused by short - run uncertainty) as well as the tangible rupees losses.

g. **Worry Method** : A variation of the expected tangible loss method that Directs the risk manager to select the tool that would minimize the average tangible rupee outlay in the long run plus the value that the risk manager assigns to any worry caused by the short-turn uncertainty, if any, that remains.

Risk, Foreign Exchange Risks : potential losses to foreign loss exposures arising usually out of declines in the value of the foreign currency relative to domestic currency. Foreign exchange risks are speculative risks, not pure risks, because the exchange rates may change in a favorable Direction.

Risk, Fundamental : Affects either society in general or groups of people, and con not be controlled even partially by any one person. Such risks are present in the forces of nature and the economy, since the outcomes, of say, the weather or inflation or mass unemployment are beyond individual influence.

Risk, Group : The rating cell or risk segment into which particular policies are categorized, with a type of insurance cover. The objective is to achieve a group of policies or risks that have homogeneous characteristics

Risk Identification : The process of identifying the exposures to potential property, liability or personal losses.

a. **Risk identification, Checklist** : A listing of all the loss exposures that might possible exist.

b. **Financial Statement Method** : The use of financial statements, together with a checklist, to identify the exposures of a particular business.

c. **Flow Chart Method** : The use of flow charts, together with a checklist, to identify the exposures of a particular business.

d. **Probability Distributions** : Theoretical probability distributions for which a formula has been developed based on some assumptions about the behavior of the variable. Useful distribution in risk management are the position distribution, the normal distributions, the log-normal distribution, and others.

e. **Probability Distribution of Total Rupee Losses Per Year** : A listing of all the total rupee losses that might occur in a year and the probabilities of each possible total rupee amount. The two component probability distributions that determine this probability distribution are the probability distribution of (i) the number of occurrence, and (ii) the rupee loss per occurrences.

f. **Probability Moderate** : The likelihood of a loss has happened once in a while in the past and can be expected to occur sometime in the future. '

g. **Loss Maximum Probable** : The worst loss that is likely to occur because of a single event. Synonym to loss maximum estimated, loss estimated probable or possible maximum, loss probable maximum etc.

h. **Loss, Maximum Probable Yearly Aggregate** : The largest aggregate rupee loss that is likely to occur during the year. This aggregate loss depends upon the number of occurrences per year as well as their severity.

i. **Probability of Loss, Spatial** : The proportion of similar units exposed to loss over a given time period that experience a loss, given a very large number of units exposed.

j. **Probability of Loss, Temporal** : The proportion of similar times during which a unit is exposed to a loss that the loss will occur, given a very large number of times exposed.

k. **Variation, Coefficient of** : The standard deviation divvied by the mean or the expected value. A measure of the dispersion, scattering or variation of the outcomes in a probability distribution. The larger the coefficient of variation, the less predictable is the future outcome.

Risk, Interest Rate : Unpredictability of future interest rates. Whether a rise or fall of interest rates has favorable or unfavorable effects on an organization depends upon whether it is a debtor or creditor and the extent to which its resources are committed to borrowing or lending.

Risk, Investment : Possibility that an investment in a stock, bond or similar security may lose its market value for any reason, thus, causing loss of wealth or income to the holder of this security. This risk relates to security market conditions.

Risk, Market : Chance of loss or gain according to changes in demand or supply in a market place, typically the market for an organization's output. In markets for money and securities, however, both the interest rate risk and investment risk are, broadly speaking, market risks.

Risk, Measurement : Assessment of the impact of possible losses.

Risk, Not under the direct control of the Management are those risks which may be manageable to some degree or other such as the social, political and physical environment. These risks however include circumstances from which loss or gain may result.

Risk, Objective : Chance of loss measured by an objective probability, rather than by judgment.

Risk, of Trade : Loss caused by Fire is an accidental loss. Hence, the same is a risk of trade. Other examples of risks of trade are riot and strike, explosion, flood, burglary, air-crash, machinery breakdown, shipwreck etc. Risk of trade is synonymous to pure risk.

Risk, Partially Manageable Risks are those risks which are at least partially manageable management such as physical damage, liability etc.

Risk, Particular : Those future outcomes that we can partially (though not predictable) control it arises from individual decisions to drive a motor vehicle, for instance, to own property, or even to cross a road.

Risk, Personal, Property or Liability :

(a) Personal : Potential loss to the persons
(b) Property : Potential loss to the Property,
(c) Liability Risk : Potential Liability for any individual or institution

Risk, Physical : Causing direct harm or damage

Risk, Political : Potential losses to foreign loss exposures caused usually by the host government or other political forces in the host country. Illustrations are confiscation of property, cancellation of import licenses, and kidnapping.

Risk, Preferred : Exposure an Insurer welcomes because it promises more favorable loss experience than other exposures in the same rating class and, therefore, should generate an Underwriting profit.

Risk, Premium : The amount of premium required to cover claims expected of a risk, i.e., average claim amount i.e., average claim frequency. It may alternatively be expressed as a rate per unit of exposures.

Risk, Prevention : Any measure designed to reduce the frequency of a given type of loss.

Risk, Purchasing Power : Decline in the purchasing power of money or any monetary asset because of inflation.

Risk, Pure : Pure risks are events the occurrence of which results in either loss to the individual or organization concerned. Pure risk holds out no prospect of gain which is what distinguishes it from speculative risk, where the prospect of either gain or loss exists.

Risk, Reaction To : How we behave in a situation where the future is unknown.

Risk, Reduction : Any measure designed to reduce the size of those losses which are not prevented.

a. **Risk, Retention** : A risk financing tool under which the source of funds is the firm itself or borrowings it must repay.

b. **Captive Insurer** : In its pure form, an Insurer owned by apartment corporation which is also its only customer. One way of funding a retention programme.

c. **Captive Insurer, Association or Group** : A captive Insurer owned by an association or group that insures only members of the association or group. A way of funding a retention programme.

d. **Planned Retention** : Retention that results from a conscious decision. Active, not passive retention.

e. **Self-Insurance** : A special case of planned retention - not Insurance. Exposures must be numerous enough for the loss exposure to be fairly predictable.

Risk, Retention Groups : Liability insurance Companies owned by their Policyholders. Membership is limited to people in the same business or activity which exposes them to similar liability risks. The purpose is to assume and spread liability exposure to group members and to provide an alternative risk financial mechanism for liability. Such companies are usually precluded from writing certain coverage, most notably property lines and workers' compensation. They predominantly write medical malpractice, general liability, professional liability, products liability and excess liability coverage. They can be formed as a mutual or stock company or a reciprocal.

Risk, Social causing loss of reputation or damage to self esteem

Risk, Social Cost of : Risk creates a social cost by retarding economic progress. The cost of risk is apart from the cost of replacing destroyed or damaged property, and is usually unrecognizable except upon close analysis.

Risk, Speculative : Uncertainty as to whether a gain or loss will occur. For example, in a business enterprise, there is a chance that the business will make or lose money. Speculative risks are not normally insurable.

Risk, Static : Which are connected with losses caused by the irregular action of the forces of the nature or the mistakes and misdeeds of human beings.

Risk, Subjective : Chance of loss as measured by subjective probability, or judgment, rather than statistics.

Risk, Systematic : Chance of loss which is predictable under relatively stable circumstances. For example, Fire and perils of nature (such as wind or flood) produce losses which, in the aggregate over time, can be accurately predicted despite short-term fluctuations.

Risk, Trade : A business person may sustain financial losses due to change in fashion relating to fall in demand to his goods. This is commercial or trading loss which the business person must bear himself. This is called trade risk which is peculiar to the trade and con not be insured. This is synonymous to speculative risk.

Risk, Transfer - Alternate Risk Transfer : (ART) Alternate Risk Transfer is a broad range of new concepts to finance traditional insurance risks as well as non-traditional risks. It is the ceding and assuming of insurance and non-insurance exposure through non-conventional means. The aim of ART is to effect optimized risk transfer at optimal price, through a combination of insurance and other capital market instruments.

As ART frequently involves risk retention, some authors prefer to call it Alternative Risk Financing, as, in their view, “financing” encompasses risk retention and risk transfer. Experts differ as to the instruments and practice that could genuinely be called “Alternative”. However, a few distinguishing attributes [Devine Patrick] common to most ART’s are:

- **ART, Characacteristics** - ART deals are multidisciplinary as it draws from experience in insurance, risk modeling, capital market, investment banking, taxation, law and actuarial profession. Integrated risk management over a longer time horizon involving multiple contracting parties over multiple jurisdictions are more common with ART than any other risk financing mechanism.

- **ART, Capital** - ART involves drawing capital from different sources-banks, capital market, insurers, shareholders etc. and in the process affords opportunity for arbitrage between the price and products available in these markets, given their differential cycles, appetite for risks, cost of capital and regulatory framework.

- **ART, Convergence** - Financial deregulation allowing vertical integration and economics of scale in the insurance, banking and investment market are the main propellers of ART growth.

- **ART, Constraints** - Most ART deals, till now have been bespoke deals involving high transactional costs, but at the same time providing, wider cover than was ever possible under the conventional insurance programmes. Regulatory and statutory accounting treatment constraints have the potential of stifling the growth of ART in several markets.

Risk Transfer, Alternate (ART) Instruments :

1. **ART Instruments, Captives** : Captives refer to specialized insurer or reinsurer created with the sole aim of providing cover to the promoters or affiliates. Most fortune 500 companies make use of captives, to some extent or more. Favorable tax treatment and benign regulatory regime have spurred the growth of captives in some of the regions in the world, for example, Caribbean and Europe. Captives may be acting as direct underwriter or a frontal operating as a reinsurer. Captives provide high degree of control to the promoters. In view of high administrative costs, innovations in the form of cell captives, rent a captive etc. allow cost sharing by several clients. Under these arrangements, assets of client are protected through legal separation of assets and liabilities of each underwriting account and that of the captive as a whole. The regulatory regime, especially in relation to admitted and non-admitted reinsures lead to complications in the arrangement with captives, such as collateral requirements. It may also necessitate maintaining arm’s length relationship with the captives in some regions.

    a. **Association Captive**: Captive Insurer having two or more parents, with the parents typically being members of an industry / trade/ association.
    b. **Pure Captive** : Captive having only one parent and insuring the los exposures of that one parent.

2. **ART Instruments, Catex:** Catex is a nationwide computer based trading exchange in the US to facilitate swaps of catastrophic exposure between insurers, reinsurers and self-insurers. Swap refers to a transaction involving buying and simultaneous selling of a similar underling asset or obligation of equivalent capital amount where the exchange of financial arrangements provide both parties more favorable conditions than they would otherwise expect. In Catex, bidders can pursue for trades for different regions, peril groupings, contract

types, line of business and insurance products. The price would be subject to the relative value placed on the portfolio being swapped by each party. Portfolio can be swapped in the standard trading blocks of USD 1,000,000 and is subject to co-participation to discourage poor claims handling. For statutory purpose, Catex exchange contracts are treated as reinsurance

3. **ART Instruments, Contingency Equity Put (Cat E Puts)** : Equity put option enable the stock insurers to sell shares of their stock to investors at pre-negotiated prices when the catastrophic losses exceed the pre-specified trigger point. Insurer pays an option premium to the investor for this contingent facility. This facility may be very useful to the insurers, as post loss, the equity price may be down and equity dilution at pre-negotiated price may be an attractive proposition. Protection to the investors through minimum post loss statutory surplus could be built in. Similarly, buy back facility may be provided to allow insurers control their dilution.

4. **ART Instruments, Contingent Surplus Notes (Contingent Capital)** : CSN instrument allows the insurer the right to issue surplus notes in future for cash or liquid assets, upon occurring of pre-specified events or even unconditionally (all purpose). It acts like a standby financing in case of catastrophic losses. Usually, a trust is flouted which sells a put option to the insurer in return for option premium. The trust then calls for investment from investors, offering a return higher than say Treasury rates for similar duration, which is then invested in high security instruments such as Treasuries. The option premium enhances the yield for the trust assets and investors. In case of contingency, insurer issues surplus notes to the trust, which in turn issues trust notes to the investors and invests in the insurer. The cost of maintaining this contingent facility is the difference between the coupon on the notes and the yield on the treasury rates.

5. **ART Instruments, Insurance Derivate** : A derivate is a financial contract between two or more parties, which is derived from the future value of the underlying asset. The investor buys the position on the value of the underlying asset at some time in the future, which is tradable. In the insurance context, the underlying is the performance of a risk or a portfolio of risks. Derivatives provide a hedging mechanism to the cadent and the reinsurers to hedge their exposure in the underlying risk. Insurance derivatives in the form of option (upfront payment of premium and claim payment at the end) and swaps (single net payment at the end of the contract - contract for difference) could be based on single event or portfolio of risks and contracted with traders/investors from the banking, commodity and fund management sector. It is usually non-collateralised. Options can be based on specified index and can be traded on an exchange allowing anonymity, liquidity and standardized contracts at low transaction costs. It facilitates trading between investors and insurers and affords insurers with opportunity to hedge their exposure in specified risks.

6. **ART Instruments, Large Deductible Plans** : Large deductible plans involve deductible ranging from USD 50,000 to USD 250,000 per accident or per occurrence. Usually employed in workers compensation line of business, it provides for insured to retain the cash till actual loss payment. Insurers are still exposed to the credit risk, as the unpaid losses are to be serviced by the insurers. Sometimes, collaterals are used to eliminate the credit risk arising due to inability to pay the loss under deductible.

7. **ART Instruments, Multi-Line Multi-Year programmes** : Under a multi-line, multi-year policy, multiple lines of business (liability, property, business interruption etc.) can be covered in a layered approach for a long period. The losses are payable, if the combined loss exceeds a certain level. Even though

ML/MY deals are long term in nature thereby reducing the frictional or administrative costs it usually provides flexibility such as increase in capital etc. ML/MY's encourage the buyers to retain higher risks through internal risk diversification and cover "uninsurable" risks like credit risk, political risk and operational risks. Innovations such as double trigger, where by liability is admitted, only if a combination of two risks, say insurance risk and treasury risk operate help in providing wider coverage at economical price.

8. **ART Instruments, Retention Groups** : Retention groups are pools of similar companies who join to self- insure by forming an entity that retains some risk and obtain reinsurance. A variant of this is a "Purchasing Group" which does not retain any risk. The advantage of both of these arrangement is collective bargaining due to inherent spread of risk and economy of scale.

9. **ART Instruments, Securitisation** : Securitisation is the mechanism by which income-generating asset can be turned into a capital. In the case of insurance sector, premium income is used as the basis for securitization which in turn allows insurers to write more business. Securitisation deals enable risk transfer to capital market, especially in respect to high severity, low frequency perils such as hurricane, earthquake and other natural perils. In many countries, such as in the USA, there are severe regulatory and accounting roadblocks preventing insurers from approaching capital market directly for floating a security. The typical route is through a captive or a special purpose vehicle (SPV) which acts as an interface to the capital market. The insurer enters into a reinsurance contract with the SPV, which then issues equity and liability backed bonds to the capital market related to the performance of the underlying risks ceded. Most securitisation deals have been in respect of catastrophic risks (also called disaster bonds or Act of God bonds). But, non-catastrophe insurance securitisation (Covering large portfolio of homogeneous risks against economy dependent risk) is believed to holds enormous promise for the insurers as it would help them source capital from the capital market and release the capital held in their books for uncertain future claims.

10. **ART Instruments, Self-Insurance** : Self-insurance is a formal accrual of liability through retention and payment of loss obligation as they become due. Sometimes, especially in the context of workmen compensation and automobile liability, regulation in the form of collaterals and qualification process may add to the administrative hassles. But the low cost of this method makes it an attractive proposition.

11. **ART Instruments, Standard Asset Protection and Residual Value** : These innovations, especially designed for utility industries offer funding mechanism for risks arising out of decline in asset value due to market price depression for the assets and the produce. Possibly, privileged class of assets (standard assets) could be securitised leading to the revenue stream from this standard asset pool making this asset class more credit worthy than the underlying utility.

12. **ART Instruments, Time and distance (Financial reinsurance)(Finite or Financial Reinsurance):** Time and distance products, also called finite or financial reinsurance (in the reinsurance context) have been in vogue for some time. An initial payment of premium to a reinsurer earns interest which is drawn out through successive claims over a period of 3 to 10 years. More than risk transfer, these products affords cash flow stability and protects against the credit risk and timing risk associated with lack of immediate capital. Some other benefits of financial reinsurance are cost stabilization, protection against economically uninsurable and difficult risks such as wide swings in foreign currency exchange rates and deferred taxation. In the UK market, this has been

used to handle syndicate's run off of a year in account. Several variants of Time and distance products are possible even in direct insurance market. For example, a spread loss cover, where instead of an initial premium, successive annual level premium is paid which are invested creating an insurance fund. Claim, if any, is paid out of the fund. Payback like dividends, in case of favorable results, make the deal quite attractive. In the case of spread loss covers also timing risk is covered by the insurer. Another variant would be a blended finite product, where a part of the fund is used in purchasing catastrophic insurance cover. The insurer may also provide certain additional exposure cover, for a premium that is deducted from the fund. Blended finite product, attempts to provide insurance benefit with cash flow stability through investments. Yet another variant would be contingent liability cover under which the insured pays a level premium. However, on occurrence of a loss and payment of claim, the premium is suitably adjusted upwards to reflect the claim and interest cost during the unexpired period of the cover. Financial **Reinsurance,** has been innovated in the case of retrospective covers also, through loss portfolio transfer and adverse development cover. Loss portfolio transfer would appear essentially as a balance sheet cleanup operation to remove reserves. Adverse development cover may provide protection against the possibility of actual portfolio loss exceeding the estimated loss. In all the above cases, the protection is against the cash volatility through risk financing rather than risk transfer. This makes immense sense, as earning stability is rewarded in the market and enhances shareholder value.

13. **ART Instruments, Weather Derivatives** : This form of derivative, now quite in use offer protection against the unseasonal weather for companies in the energy, retail, agricultural, leisure and other industries which are susceptible to weather conditions. In essence the companies pay fees for earning stability and protection of the bottom line, thereby increasing their shareholder value and rating standing. Weather derivative contracts are defined by location, type (cooling degree days (CDD), heating degree days (HDD), dates, chill wind factor, precipitation etc) strike, cap on loss etc. There are several weather contract indices, but due to active trading by utility industry, temperature, as measured in degree days (measured as difference between average temperature during the day and 65 degree Fahrenheit. If the average temperature is above 65F, the difference is CDD, otherwise HDD) is the most commonly used index. The contracts are normally, written for a season, but can be for a number of years also. Strike is at the agreed value of the index, say degree-days, at which compensation flows from one party to the other. The typical weather derivative products are in the form of put or call option, swaps and collars. In addition arbitrage opportunity exists under other derivatives also, for example credit derivatives where due to differential perception of risks and market knowledge, differentials pricing of risks are possible.

Risk, Transfer ; Risk transfers could be risk control measures or risk financing measures. Risk control transfers (i) shift the property or activity itself to someone else, (ii) eliminate or reduce the transferor's responsibility for losses to the transferee, or (iii) cancel obligations that the transferor has assumed for losses to others. Through risk financing transfers, the transferor seeks external funds that will pay for the losses that do occur. Risk financing transfers could be transfer of risk to the Insurers or non-Insurance transfers. Non Insurance transfers differ from Insurance in that the transferees (i) are not legally Insurers, and (ii usually do not accept enough, exposure units for their losses to be fairly predictable.

a. **Non-Insurance Transfers** : Devices other than Insurance under which a business can transfer a potential loss to someone else. For example, the transfer may be accomplished through a provision in a lease.

b. **Insurance** : A transfer under which the source of funds is an Insurer. As an institution, Insurance, is a device that combines the risks of two or more insured's through actual or promised contributions to a fund out of which claims are paid.

Risk, Unsystematic : Chance of loss which is highly unpredictable in the aggregate because it results from forces difficult to predict. Recession, unemployment, epidemics and war-related perils are unsystematic.

River Marine : The part of Ocean Marine Insurance which addresses itself to the insuring of crafty which work on inland waterways.

Road Risk Insurance : Insurance of a Motor trader in respect of vehicles on the road or in the course of a journey as distinct from internal risks insurance which applies to vehicles on his own premises.

Robbery : The unlawful taking of property by violence or threat of violence. According to Section 390 of the Indian Penal Code "Theft is robbery if in order to the commission o for in the committing of the theft or in carrying away or in attempting to carry away property obtained by theft, the offender, for that end, voluntarily causes (or attempts to cause) to any person death or hurt or wrongful restraint or fear of instant death or hurt or wrongful restraint. Extortion is robbery if the offender, at the time of committing the extortion, is in the presence of the person put in fear, and commits the extortion by putting that person in fear of instant death, of instant hurt, or of instant wrongful restraint to that person, or to some other person, and, by so putting in fear, induces the person so put in fear then and there to deliver up the thing extorted. (The offender is said to be present if he is sufficiently near to put the other person in fear of instant death, of instant hurt, or of instant wrongful restraint. "Refer also: "Theft." Refer also “Extortion”

Rolling : Angular motion about longitudinal axis of ship on high seas.

Rome Convention, 1952 : Whilst the air carriers' liability for injury to passengers and damage to baggage and cargo was defined by the Warsaw Convention, 1929 and Hague protocol, 1955 their liability for injury or damage to persons on the ground was dealt with at the Rome Convention in 1933. The question of third party liability of air carriers was again dealt with at the Rome Convention, 1952 which supersedes the Rome Convention, 1933.

RORO (ROLL ON-ROLL OFF) : Direct drive on/drive off wheeled vehicles on specially designed ocean going vessels.

Rotation Clause : A Clause in an open cover in which many insurers participate to provide that in respect of a small declaration by the insured the proceeds shall not (for reason of economy) be allocated among all the insurers but shall go only to one group of insurers, the proceeds of subsequent declarations going to another group and so on in rotation of all the groups concerned.

Route : An established air passage, from point of departure to terminating station.

Royalty : A charge on charter flights levied by some government before traffic rights are granted. Sometimes called a “no objection fee”. Usually a fixed proportion of a total charter value.

Rules of Interpretation, Construction of Insurance Polices : (i) The intention of the parties to the contract must prevail. In the words of Lord Mansfield "these contracts are to be taken with great latitude, the strict letter of the contract is not to be so

much regarded as the object and intention of it." (ii) The Policy is to be interpreted in its entirety. To quote Lord Halsbry "in looking to a document between the businessmen, I do not think it is wise to look at technical rules of construction. I think it is well to look at the whole document, to look at the subject matter with which the parties are dealing, and then to take the words in their natural and ordinary meaning, and construe the document in that way." (iii) In Blockett V. Royal Exchange Assurance Co. the Court observed, "the rule of construction as to exceptions is that they are to be taken most strongly against the party for whose benefit they are introduced. The words in which they are expressed are considered as his words; and if he does not use words clearly to express his meaning. He is the person who ought to be the sufferer. Thus, if there is any doubt as to the meaning and effect of the words used or if there is any ambiguity in the Policy, the benefit of doubt is given to the insured.

Rules of Practice : The Customs of Lloyd's were adopted by the Association of Average Adjusters which was formed in 1874 and were called the Rules of Practice. These are amended from time to time by the Association for the guidance of its members in adjustment of average. The object of the rules is to secure uniformity of practice in average adjusting. Also refer : "Customs of Lloyd's."

Running Down Clause (Marine) : Whereby the whole and not three quarter of the damages would be payable by the Insurers. This clause does not include an indemnity for liability in respect of death of or bodily injury to third parties, or for damage to harbors or other such structures. Running down clause is that portion of a Marine Policy that protects against damages due to collision with another ship.

Running Off : Term applicable where an insurer has ceased to write an insurance or class of insurances but a liability remains under contracts already written which are said to be running off.

Run-Off Basis : A valuation basis that assumes an insurer will cease to write new business, and continue in operation purely to pay claims for previously written policies. Typically expenses and reinsurance arrangements change after an insurer ceases to write new business.

Runoff, Reinsurance : Refer "Reinsurance, Runoff".

Rural Sector, IRDA Obligations of Insurance to Rural Social Sectors, Regulations, 2002 : "Rural Sector" shall mean any place or areas classified as rural while conducting the latest decennial population census. "Social Sector" includes unorganized sector, informal sector, economically vulnerable or backward classes and other categories both in rural and urban areas. "Obligations" : (A) "Rural Sector" : Every general insurer shall ensure (a) two per cent in the first financial year, (b) three per cent in the second financial year (c) five per cent thereafter of total gross premium income written direct in that area. (B) "Social Sector" : (a) 5 thousand lives in the first financial year (b) seven thousand five hundred lives in the second financial year (c) ten thousand lives in the third financial year (d) fifteen thousand lives in the fourth financial year (E) twenty thousand lives in the fifth financial year. Obligations after the sixth financial year : Rural Sector, General Insurer : 5 per cent in the seventh financial year, 6 per cent in the eighth financial year, 7 per cent in the ninth and tenth financial year of the total gross premium income written direct in that year. Obligations after the sixth financial year : Social Sector, General Insurer : 25,000 lives in the 7th, 35,000 lives in the 8th, 45,000 lives in the ninth and 55,000 lives in the tenth financial year. The obligations towards Rural and Social shall be continued for financial years from 11th financial year onwards on lines as per 10th year.

S

S.C.R. : Specified Commodity Rate. Applied to narrowly specified commodities. Usually granted on relatively large shipments. Theoretically is of limited time duration.

S.R. & C.C. : Strikes, Riots and Civil Commotions : An insurance clause referring to loss or damage directly caused by strikers, locked-out workmen, persons participating in labor disturbances, and riots of various kinds. The ordinary insurance policy does not cover this risk and the coverage against it can be added by endorsement.

Sabotage : Malicious destruction of an employer's property by workmen.

Sacrifice : That cargo which is thrown overboard in order to save the rest of the cargo and the ship. Also, refer : “Jettison.”

Safe Burglary Insurance Policy : Type of business Insurance coverage loss of or liability for loss of contents of a safe.

Safe Deposit Box Insurance Policy : Type of business Insurance coverage against loss of or liability for loss of contents of a safe deposit box. Also called Safe Depository Insurance.

Safe Driver Plan : A method of adjusting rates in automobile insurance to reflect driving safety of the insured, in accordance with his or her record of traffic accidents o citations.

Safety Audit : Periodic, methodical examination of an organization to provide the basis for management decisions affecting the organization’s safety programme. It includes reviewing loss records, analyzing loss control costs, assessing management support and employer participation in accident prevention, and inspection of the premises.

Safety Consultant : Refer : “Engineer”

Safety Deposit Box Insurance : A form of insurance against the loss of property from a bank safety deposit box.

Safety Solvent : Cleaning solvent which is free from Fire or toxicity hazards and is non-damaging to surfaces or materials being cleaned. To enhance its safety, such a solvent comes with instructions and information regarding its potential toxicity, flammability and explosiveness.

Sailing Vessels Tariff, Indian : The tariff is applicable to all selling vessels (merchandised or non-merchandised) value up to Rs. 20 lakhs. All sailing vessels forming part of a 'major fleet should also be treated according to the tariff.

Sales Ex-works : It is a type of sale where buyer bears all the risk from factory gate to his own place.

Sales Turnover Policy (STOP), Marine Cargo : A single policy covering all different transits of an insured. Estimated values for each of the transits are obtained and a rate of premium worked out by insurer for each transit. The total premium arrived at thus is divided by the estimated sales figures (sales + domestic sales) to arrive at the policy rate in a reverse manner. Client is expected to declare only the audited/certified sales figures every month/every quarter. Intermediate storage cover (on names perils and specified duration basis) can be considered.

Salvage : Property which escapes destruction or damage, or the residual value of property which is partially damaged. If the insured choses to retain the salvage, the amount of loss payable is the gross loss less the value of take over the salvage the Insurers pay for the full loss and thereafter sell, the salvage and retain the proceeds (gross basis). (2) The remuneration payable independently of contract to an outside party who takes part in a successful rescue operation to save life or property at sea.

Salvage Association : An international association providing expert technical assistance regarding salvage and survey of damaged ships, cargoes and other maritime properties.

Salvage Charges : An amount paid by the original assured to a party who has rendered services in saving the insured property from a maritime peril on a no cure no pay basis.

Salvage Contract, Marine : In Contract salvage, the owner of the property and the salvor enters into a salvage contract prior to the commencement of salvage operations. The amount may be fixed based on "time and effort" or any other mutually acceptable basis. Normally, in contract salvage , "LOF (Lloyd's Open Form) is used worldwide whereby the salvage amount is not mentioned but merely states the principle NO CURE, NO PAY.

Salvage Corps : An organization whose duties are limited to preventing further damage to property during or after a fire. They are established by Property Insurance companies.

Salvage Corps, Mumbai : The Mumbai Salvage Corps works hand in hand with the Mumbai Fire Brigade responding to all the Fire calls transmitted to its station through a hotline from the Fire Brigade. While the Fire Brigade is busy fighting the Fire, the Salvage Corps attempts to remove property not involved in the Fire to a place of safety. Sometimes it covers such property to prevent smoke and water damage and also assists in removing the water from Fire-affected premises, thus reducing water damage. In many instances, the Salvage Corps also provides security service by posting salvage men on watch duty till the Insurance surveyor completes his work.

Salvage Guarantee : An agreement whereby a guarantor agrees to meet a salvage award if the party responsible fails to pay it to the salvor. Such an agreement enables a salvor safety to release the maritime lien to which he is entitled on the salved property.

Salvage Loss : Where the goods insured under a Marine policy are damaged and as a result of the damage are sold short of destination for less than their insured value there is said to be a salvage loss. The insurer must pay the difference between the insured value and the proceeds, after deduction of sale charges and survey fee of the sale.

Salvage Pure, Marine : In pure salvage there is no prior contract between the property owner and the salvor. The relationship is implied by law based on the principle of natural equity. The salvor has to bring his claim for salvage award before a court which has jurisdiction which will award salvage based on the value of the salvaged

property and the "merit of the service" meaning the difficulties and dangers involved in the operator.

Salvors : When a ship and cargo or any part thereof are saved at sea by the exertions of any person from impending perils (or) are recovered after an actual abandonment of loss, such persons are called salvors. They are entitled to a compensation for their services, which is called salvage. They have a lien on the property for their salvage, which the laws of all maritime countries respect and enforce.

Sample : Subgroup of a universe of cases or subjects under study, selected according to some rule or plan. A finite portion of a population.

a. **Random Sample** : Sample selected or assigned in such a way that all members of the population from which the sample was drawn were equally likely to have been selected.
b. **Representative Sample** : Sample that corresponds to or matches the population from which it was drawn, with respect to the percentage of cases having characteristics likely to be important for the purpose under study.
c. **Stratified Random Sampling** ; Sampling technique in which a population is divided into sub-classification or strata according to certain key variables (age, gender, etc.) such that each case appears in only one sub-group. Cases are then selected at random from within each sub-group, either in proportion to that sub-group's distribution in the population or in equal numbers per sub-group in order to increase the representative aspects of the sample.

Sanction Limitation and Exclusion Clause : No reinsurer shall be deemed to provide cover and no reinsurer shall be liable to pay any claim, or provide any benefit hereunder to the extent that the provision of such cover, payment of such claim or provision of such benefit would expose that (re)insurer to any sanction, prohibition, or restriction under United Nations resolution or the trade or economic sanctions, laws or regulations of the European Union, United Kingdom or United States of America, 11.08.2010 HC 2010/014. Effect to this clause prohibits the provisions of marine insurance including both Cargo and Hull prohibits insurance, to pay claims or to provide any other benefits if so doing would be a breach of such sanctions.

Sanitary and Health Certificate : A Statement signed by a health organization official certifying the degree of purity, cleanliness, or spoilage of goods, and the health of live animals.

Satellite Astronaut/Cosmonaut Personal Accident Insurance : Provides cover for expenses from an accident with a lump sum payment, a daily or monthly amount or a payment for loss of life from an accident.

Satellite Facultative Space Reinsurance : This product is provided for underwriters for all types of individual space risks they wish to reinsure.

Satellite In-Orbit Insurance : Coverage for loss, damage or failure of the satellite during the "in-orbit phase".

Satellite Launch and In-Orbit Insurance : Provides coverage for loss, damage or failure of the satellite during the launch, in-orbit testing and in-orbit operation.

Satellite Launch Risk Guarantee : This product is for launch vehicle service providers. It provides coverage to the launch vehicle service provider for underperformance of the launch vehicle.

Satellite Launch Vehicle Flight Only Insurance : This product is available to the title holder of the satellite during the launch phase. It provides cover against the underperformance of the launch vehicle, up until separation of the satellite

Satellite Loss of Revenue Insurance : Coverage can be provided to cover the amount of revenue that an operator or owner may lose should the satellite not perform the manufacturer's specification.

Satellite Post Separation Insurance : Coverage against loss, damage or failure of the satellite after the satellite has separated from the launch vehicle. This product is designed so that there is no gap in coverage with any policy that has provided coverage of the "launch phase".

Satellite Pre-launch Insurance: This covers transportation of the satellite from the manufacturer or place of storage to the launch site, the storage of satellite at the launch site and the preparation leading up to the launch itself including the mating of the satellite with the launch vehicle.

Satellite Space Products : This provides coverage to the equipment manufacture for failure of a piece of equipment to perform to the manufacturer's specification.

Satellite Terrorism Cover : Cover against use of violence for political ends and includes any use of violence for the purposes of putting the public in fear.

Satellite Third Party Liability Insurance : Covers bodily injury and property damage to third parties as a result of launch and in-orbit activities.

Satellite Transit and Pre-Launch Insurance : Provides cover against physical loss or damage of the satellite during transit from the manufacturer's facilities to the launch site and the integration of the satellite to the launch vehicle. Typically coverage will terminate at "lift off" or "intentional ignition". Satellite assembly, integration and testing can also being included in this type of policy.

Satellite's Entire Service Life or End-of-Life Insurance Cover : A satellite usually has an asset value in the range of US$ 200–400m and a service life of 15 years in orbit. The insurance covers this value, i.e. the cost of acquisition, launch, financing and insurance. The limit of indemnity for an individual satellite, and thus the indemnity payable in the event of loss, decreases over a satellite's lifetime, in line with its depreciation in value. The insurance, which is referred to as end-of-life cover, commences with a satellite's launch and terminates at the end of its scheduled service life, or after 15 years at most. What is new, besides the cover period of up to 15 years, is that during the term of insurance no adjustment is made to the conditions of insurance, even if the satellite's technical condition has changed. New end-of-life cover gives clients planning security with regard to their insurance costs and scope of cover for the satellite's entire useful life. Most satellites are funded by long-term debt. The availability of insurance cover plays a decisive role in whether a satellite project can be financed and at what cost. (Munich Re). Up to now, standard covers have comprised launch insurance, which commences with a satellite's launching and has a term of up to one year, followed by in-orbit insurance, which as a rule is renewed annually. Prior to renewal, the satellite's technical condition is verified and any adjustments to the scope of cover and/or price are made.

Schedule : The list of personal details of the insured and the subject matter of Insurance in a Policy form. (2) That part of a policy in which the variable details are inserted.

Schedule Bond : A Fidelity bond in which employees are listed by name, with the amounts for which they are bonded.

Schedule Injury : An injury listed in the workmen's compensation law such as loss of a finger or toe, for which specified compensation is payable regardless of whether or not the employee suffers a loss of earning power.

Schedule Policy : An Insurance Policy that covers under separate agreements several enumerated causes of losses, which are otherwise frequently covered under individual separate policies.

Schedule Rating : An analysis of the various physical elements of a risk attempting to provide an equitable rate for Insurance generally in Fire or workmen's compensation. There is a Direct relation between the physical conditions and the loss experience.

Scheduled Flight : Any service that operates to a set timetable.

Scheduled Personal Property : Under the Householders insurance, valuable items of personal property (furs, jewellery, antiques) can be afforded broad all risk coverage by endorsement. This is similar coverage to that provided under an All Risks Insurance Policy.

Scheme : A programme for the insurance of a group.

Scheme Charge : A fixed charge that may be added to the basic premium for a group insurance.

School Fee Insurance : Insurance to provide sums for the payment of educational fees.

Scienter : Term used in pleading to indicate that a person had knowledge of a fact, e.g., that a domestic animal had dangerous propensities.

Scope of Loss : An agreement between the insured and the insurer as to the extent of loss.

Scrap Value : Value as junk or salvage value.

Scratching : Initialing an agreement.

Seasonal Leaving : An item submitted to a signing office for a second time, having been rejected on the first occasion due to a query.

Seasonal Risk : A risk which is present only during certain parts of the year. Examples might be manufacturing concerns such as canners who have operations only during the summer and seasonal dwellings such as cottages used for vacations.

Seaworthiness, Admitted : There is an implied warranty in a marine cargo policy that the ship used to carriage is seaworthy and reasonably fit to carry the cargo to its destination. As the cargo owner can often not control the seaworthiness of a ship, insurers usually include a clause in the policy to modify the implied warranty.

Seaworthiness, Implied : Seaworthiness of a vessel insured in an Ocean Marine contract is an implied warranty. The assumption is that the vessel, its equipment, and its crew are in good condition and prepared to make the voyage.

Second Hand Replacement Clause, Clause 373 dated 01.12.2008 : The clause provides that in the event of loss of or damage to any part(s) of an insured machine or other manufactured item consisting of more than one part caused by a peril covered by this

insurance, the sum recoverable shall not exceed such proportion of the cost of replacement or repair of such part(s) as the amount insured bears to the new cost of the machine or manufactured plus labour plus carriage. . Duty if any is payable if included in the amount insured.

Second Injury Fund : In workers' compensation, a State fund that pays the increased benefits when a second work related injury combined with a previous injury results in greater disability than would be caused by the second injury only.

Second Loss Insurance : Insurance that covers only a loss in excess of that covered by a first loss insurance.

Second Surplus Reinsurance : Refer : "Reinsurance, Second Surplus ".

Secondary Coverage : Coverage which provides payment for charges not covered by the primary policy or plan.

Sector : Distance between two ground points within a route.

Securities : Evidence of a debt or of ownership as stocks, bonds and checks.

Seen : Annotation by an insurer on a slip or other document submitted for his information to show that a matter has been brought to his attention.

Segregation of Exposure Units : Risk management technique which divides or duplicates an existing single loss exposure to reduce the severity and/or increase the predictability of losses. Segregated units should be sufficiently dispersed so that they all will not be lost in the same accident. Segregation takes two forms : separation and duplication.

a. **Duplication** : Creation of a standby or backup facility to be used only in case the original facility is damaged. Duplication reduces loss severity, but may have no effect on loss frequency.
b. **Separation** : Division of an existing loss exposure into two or more units, all used in an organization's daily operations. Separation reduces loss severity, but may increase loss frequency because of the larger number of units exposed to loss in daily use.

Selection (of Risk) : (i) The choosing by an underwriter of risks acceptable to an insurer. (ii) A phrase used in reinsurance referring to the practice of ceding poorer business to a reinsurer while retaining good risks.

Selection Against the Insurer : The observed phenomenon that under-average risks will be proffered more readily for insurance than above average ones and that when an insured has an option in a policy, he will tend to exercise it in the direction that is least favorable to the insurer.

Self – Sustaining : Vessel has its own cranes and equipment mounted on board for loading/unloading. Used in ports where shore cranes and equipment are lacking.

Self-Help Groups (SHGs) :Self-Help Group (SHG) is a small voluntary association of poor people, preferably from the same socio-economic background. They come together for the purpose of solving their common problems through self-help and mutual help. The SHG promotes small savings among its members, usually composed of 10–20 local women or men. Of late, a few of the Insurers have come out with these groups as Micro Agents or Intermediaries to reach out for marketing of Micro Insurance.

Self-Inflicted Injury : An injury to the body of the insured inflicted by himself.

Self-Insurance : The retention of risk by an individual or organization, as distinct from obtaining insurance cover. Large commercial concerns may opt for self-insurance on the grounds that they are avoiding the extra expenses and profit loadings of an insurance policy and have sufficiently strong finances to cope with their likely losses. In practice, they will typically still seek insurance against very large losses by having insurance contracts with very high excesses. Effectively, having any non-zero excess implies a level of self-insurance. Owning a captive insurance is a means of arranging for self-insurance, with cover for every large losses being arranged by the captive by means of reinsurance.

Self-Insurance: A form of risk financing through which a firm assumes all or a part of its own losses.

Self-Insured Retention (SIR) : Portion of a loss exposure assumed by an insured, in the form of a deductible or a self-insured reserve. Usually excess Insurance is purchased over a large retention.

Self-Insured Retention : That portion of a risk or potential loss assumed by an insured. It may be in the form of a deductible, self-insurance or no insurance.

Self-Insurer : An individual, partnership or corporation who retains all or part of its risk. Generally, it retains the first portion of the risk, up to the level it feels it can also absorb risks financially, and purchases Insurance over in excess of the retained or self-insured level to protect itself against catastrophic loss. Refer : "Risk management" and "Self-insured retention."

Self-Reinsurance : The creation of a fund by an insurer to absorb losses beyond its normal retention. It is used in place of buying reinsurance.

Seller's Interest : The insurable interest of a seller, which ceases when the title in property passes to the buyer.

Sellers' Contingency : **Seller's Interest Insurance Clause** : Seller under FOB and C & F contracts may effect a contingency Insurance to cover their interest if the consignee refuses damaged goods or is unable to take delivery by paying for the goods because of insolvency. A sellers' contingency Policy covers physical loss/damage to the cargo insured subject to the terms and condition of the Policy to protect only interest of the insured. This Insurance is not assignable except to a banker operating in India. The "interest of the seller" refer to the fact that he remains unpaid under this contract of sale. Following a physical loss or damage to the cargo insured, either total or partial, the buyer should have rejected the entire consignment/contract. Partial deduction of amount from an invoice for partial damage is not covered. There is also a warranty of secrecy i.e., the existence of this insurance should not be made known to the buyer of the goods. Claims are to paid to Insured in Indian currency. Subrogation applies.

Selling Price Clauses : Either of two alternative provisions in property Insurance policies defining valuation procedure for damaged merchandise. The first clause defines the insurable value of merchandise which has been sold but not delivered as its selling price less any charges not incurred. The second clause, applicable only to goods still in possession of the manufacturer that produced them, defines insurable value as the value of such goods at the net price at which they could have been sold instead of the cost to reproduce them.

Sending by Post, Transit Insurance : The cover is usually given on all risks terms by ITC-A or ICC-A with the corresponding strikes and SRCC cover. The Policy however will have to be suitably amended by including therein the following clauses and warranty:

"Warranted that the subject matter insured in the parcel is insured with the post office for a minimum amount of INR__________."

Duration : This insurance attaches from the time the subject matter insured is registered at the post office at the place named in the policy and continues until it is delivered to the addressee or his representative at the destination named I the policy or until the expiry of 15 days counting from the midnight of that day on which the notice of arrival of the subject matter insured was given to the addressee by the Post Office at destination, whichever shall first occur.

In case of loss, claim in writing must be immediately filed against the postal authorities, and a copy thereof and reply thereto must accompany any claim presented under the policy. In case of loss Post office receipt will be required as proof in case of a claim for non-delivery. No clam if proved to be due to incorrect/ambiguous/insufficient address or for loss/damage resulting from any disposal by the postal authorities by reason of the interest having become undelivered to or having been unaccepted by the addressee. No claim for loss of contents from packages delivered with seals intact.

Sentimental Loss : The loss of property which has favorable associations (e.g., an engagement ring) may cause suffering disproportionate to the monetary value of the object lost. Conversely property with unfavorable associations (e.g., cargo which, though undamaged, has been involved in a shipwreck) may lose value as a result of such associations. Insurances are considered not to cover sentimental losses.

Separate Account : An account established or maintained by an insurance company under which the income, gains and losses of that specific account are credited or charged without consideration of the income and investment results of the other assets of the insurance company.

Separation : (i) Dividing the exposures to loss among two or more locations instead of concentrating them at one location. (ii) Practice, now illegal, for companies that were members of certain associations to refuse to do business with an Agent whose companies were not members of the association.

Separation of Exposure Units : Refer : "Segregation of exposure units."

Separation Procedure : A closing procedure operated in the Lloyd's market whereby accounting details are submitted in stage one, leaving the Policy signing process to be carried out later in stage two.

Separation Rule : A rule that an Agent may have to represent only Insurers of a specified class if he is to represent any one Insurer of that class.

Sericulture (Silk Worm) Insurance : the Scheme is applicable to mulberry silk worms only of bivoltine or multivoltine breed reared by the sericulturists from the cocoon stage i.e., from the time the eggs are purchased by the farmer till the cocoons are harvested. Only disease free laying (DFLS) purchased from licensed seed producers/grainers of Government grain ages are covered. Silk worm from egg stage to cocoon stage are covered against total loss only, due to accident or diseases. The cover commences from the place and time the eggs leave premises of licensed supplier (grainge) and includes fire, lightning, flood, storm, tempest, inundation, earthquake, landslide, rockslide, impact, death of silkworm due to disease like Grass Erie, Flacherie, Mascardine, Pebrine and attack of uzify subject to specified exclusions.

Serious Injury Frequency Rate : Number or serious injuries per 1,000,000 employee hours worked, Serious injuries include all disabling injuries plus several categories of non-disabling injuries.

$$SIFR = \frac{\text{Number of serious injuries x 1,000,000}}{\text{Number of employee – hours of exposure}}$$

Severity Rate : **Serious Injury Frequency Rate** : Number or serious injuries per 1,000,000 employee hours worked, Serious injuries include all disabling injuries plus several categories of non-disabling injuries.

$$SIFR = \frac{\text{Number of serious injuries x 1,000,000}}{\text{Number of employee – hours of exposure}}$$

Service : The defined, regular pattern of calls made by a carrier in the pick-up and discharge of cargo.

Service Business : Insurance business from outside an Insurer's home country undertaken Directly from that home country. Also known as cross-frontier business.

Service Contract : A contract between a shipped and an ocean carrier of conference, in which the shipper makes a commitment to provide a minimum quantity of cargo over a fixed time period.

Service Station Liability Insurance : Type of business Insurance coverage designed for the particular needs of service station that handle automobiles and related material.

Services Rendered Policy : A policy insuring suppliers of services in respect of their credit risk.

Set : Incendiary fire, or the point of origin of an incendiary fire.

Set Up : Articles in their assembled condition.

Setback : The distance from curb or other established line, within which no building may be erected.

Settlement : A policy benefit of claim payment. (ii) Conclusion of litigation by the mutual agreement of parties involved prior to final verdict; certain settlements must be court approved.(iii) An instrument by which property is settled on a person or persons. (iv) A lateral movement, as opposed to subsidence.

Settlement of Claims Abroad : A Scheme whereby a Marine insurance may be endorsed to provide for claims to be settled by a claims settling agent at a named place abroad.

Settlement Option : An option in an insurance policy as to the form in which a claim may be settled. Thus, in property insurance, the insurer may commonly choose whether to pay, replace or make good.

Settling Agent : A person authorized by an insurer to pay claims on the insurer's behalf.

Settlor : One who settles property on another by means of a trust.

Seven Day Clause : A one disaster or casualty clause providing for its application to a period of seven days.

Severity Rate : (i) In worker's' compensation, the total days charged for work injuries per 1,000,000 employee-hours of exposure. Days charged include actual calendar days of

disability resulting from temporary total injuries and scheduled numbers of days for death and permanent disabilities :

Share : The capital of a company may be divided into units known as shares in which dealings can take place. If not so divided capital in the form of stock may be dealt with in any amounts.

Shareholders' Funds : Monies of Insurance companies not tied to liability to Policy-holders. Also known as free reserves.

Sheep and Goat Insurance : The policy covers Sheep and Goat (4 months to 7 years) - all indigenous (whose parents are of Indian Breed) cross bred (means one of whose parents is of foreign breed) and exotic (whose parents are of foreign breed (this includes animals born in India as well as those born abroad). The coverage include death of sheep and boats due to accident including Fire, Lightning, Flood, cyclone, Famine, Strike, Riot and Civil Commotion or disease contracted or occurring during period of insurance. Policy exclusions are similar to Cattle Insurance. In addition Enterotoxaemia, Sheep Pox, Goat Pox, Rinderpest, FMD, Anthras, H.S., B.Q. and Tetanus are covered only if the animal is successfully inoculated.

Sheep Insurance : the Insurance cover all indigenous, cross-bred and exotic sheep and the Policy shall provide indemnity against death of sheep due to accident including Fire, lighting, flood, cyclone, famine, strike, riot and civil commotion or disease contracted or occurring during the Policy period.

Ship : Refer : “Vessel / Ship”

Ship : Ship includes the hull, materials and outfit, stores and provisions for the officers and crew and in the case of vessels engaged in a special trade, the ordinary fittings requisite for the trade, and also, in the case of a steamship, the machinery, boilers and coals and engine stores, of owned by the insured.

Ship Broker : A person acting as the agent for a ship owner in arranging charters and the carriage of cargo and passengers.

Ship Builders’ Risk Insurance : Institute Clauses for Builders Risks 01.06.1986 : Subject Matter of Insurance : The section has two sections (I) Section I - (i) Hull and Machinery etc under construction at the yard or other premises of the builders. (ii) Machinery etc while under construction by the sub-contractors. Section II - Machinery etc the insurance on which attaches from the time of delivery to builders. The subject matter is covered whilst at builders or sub-contractors yards within the port or place of construction and whilst in transit between such locations. Other transits are held covered at additional premium. Commencement of Insurance : A provisional period is stated under each section commencing from a particular date, but the insurance is terminated upon delivery of the vessel to the owners if prior to expiry of the provisional period. Delayed Delivery : Held covered for not more than 30 days from the completion of builders trials. Perils : All Risks of loss or damage. Insured Value : Provisional. Insurance to be based on the final contract price or total building cost plus an agreed percentage whichever is higher, subject further it should not be more than 125% of the provisional value.

Ship Owner’s Liability : The liability of a ship owner for injury, loss or damage which may arise in tort or under contract, mostly covered by membership of a Protection and Indemnity Club.

Ship Owner’s/ Charterer's Subsidiary Interests : (i) freight (time, voyage and anticipated) (ii) disbursements and (iii) premium reducing.

Ship Repairers' Liability (SRL) : SRL protects the ship repairer (i) against legal liability arising out of contracts (ii) whilst carrying out repairs / refurbishment to vessels and (iii) arising out of negligent act or omission.

Ship's Manifest : An instrument in writing containing a list of the shipments comprising the cargo of the vessel.

Ship's Tackle : All rigging, etc., utilized on a ship to load or discharge cargo.

Shipment : Freight tendered to a carrier by one consignor at one piece at one time for delivery to one consignee at one place on one bill of lading.

Shipper : Term used to describe exporter. Mostly manufacturing companies.

Shock Loss : A claim or loss that is so large as to effect materially the Underwriting averages.

Shopkeepers Insurance : A multi-peril Policy for shopkeepers. Covering (i) Fire and allied perils on building as well as contents (ii) burglary, housebreaking and allied perils on contents (iii) cash in transit, cash in safe / cupboards/box, cash in till / counter (iv) pedal cycles (v) plate glass (vi) neon sign and glow sign (vii) baggage (viii) personal accident of owner, partner/s and/or employees (ix) fidelity guarantee (x-a) public liability (x-b) workmen's compensation and (xi) simple loss of profit. Sec. I (b) and II i.e., Fire on contents and burglary are compulsory and out of remaining 09 sections any two or more is to be opted i.e., minimum 04 section has to be taken.

Short Closing : Closing a risk for less than the amount placed.

Short Interest : The part of the subject matter of a marine insurance that has never been at risk, e.g., the extent to which declarations under a floating policy fall short of the sum insured.

Short Period Rates : Percentage of annual premiums charged for short period policies.

Short Rate : The charge required for Insurance or bonds taken for less than one year. Short term rates are usually proportionately higher than the annual term rates since it involves the same volume of labour and charges for acceptance of risk and Insurance of Policy documents.

Short Rate Cancellation : Termination of an Insurance Policy at the request of the insured prior to its expiration date; the Policy provides that the Insurer gets to keep more than a pro rata portion of the premium. The Insurer keeps an extra portion of the premium as an increased charge because of the fixed expenses incurred by the Insurer in Writing and servicing the Policy the insured has cancelled. Compare with "pro-rata cancellation."

Short Rate Premium : The premium required for issuing a policy for a period less than its normal term.

Short Rate Table : A schedule of less than pro-rata premiums that will be refunded if an insured cancels a contract before the end of its term. The less than pro-rata refund is justified by the fact that most of the insurer's expenses of selling insurance are incurred at the beginning of a policy period.

Short Shipped : Cargo manifested but not loaded.

Short Term Disability Income Insurance : A personal accident or health insurance policy that pays benefits to a disabled person for a specified period not exceeding two years and usually not more than six months.

Short Term Policy : A policy written for a period of less time than is normal for that type of policy.

Short-Tailed Business : Types of insurance in which most claims are usually notified and/or settled in a short period from the date of exposure and/or occurrence.

Shut Out Cargo : It relates to goods which arrives too late for a vessel at a loading port or else the goods are not loaded because the vessel has a full cargo load.

Shut Out Clause : At times the whole or part of the cargo of an insured may be shot out from the vessel due to various reasons like lack of space in the vessel or suddenly the weather turning bad, forcing closure of the vessel hatches. In such cases, the cargo of the insured would be lying on the wharf, quay or pier and exposed to static risk till it is shipped on board another vessel when the normal transit risk under the policy would re-attach. Shut out clause provides coverage to the shut out cargo as per the terms and conditions of the main policy. It also extends coverage while the shut-out cargo is moved to another wharf, quay, pier or to a storage location awaiting the next vessel. This is a "held covered" provision meaning, the assured should notify the insurer about the shut out cargo as soon as he comes to know of it.

Sickness : Includes physical illness, disease, pregnancy, but does not include mental illness.

Sickness Insurance : A form of health insurance against loss by illness or disease.

Side-Track Agreement : Agreement between a railroad and a second party whereby the railroad furnishes sidetrack facilities on the latter's premises and the second party releases the railroad from liability for damages, or assumes the railroad's liability for damages to others growing out of the maintenance or operation of the sidetrack.

Sight Draft : A draft payable upon presentation to the drawee. Compare date draft and time draft.

Signature : A clause in a Policy form requiring signature by the Insurer.

Signed Line : The underwriter's participation in a risk after the lines have been reduced, as necessary, to total 100% of the actual amount at risk.

Signing Down : The process of reducing. Pro-rata, the proportion of risk that each co-insurer has accepted for a given risk where the slip has been more than 100% subscribed.

Silent Risk : Premises in which no trade is carried on or no machinery is worked for manufacturing purposes.

Simple Risk : A fire insurance, such as that on a private dwelling, that is not complex.

Simultaneous Ignition: Ignition of a fire at many points at once. It is used in broadcast burning or backfiring to obtain a quick, hot, clean burn.

Sine Qua Non Rule : This rule says that a person's conduct is not held to be the cause of a loss if the loss would have occurred anyway.

Single Buoy Mooring (SBM) : A single buoy mooring also known as single point mooring is a loading buoy anchored offshore that serves as a mooring point and interconnect for tankers loading or offloading gas or fluid products. Very Large Crude Carriers (VLCC) cannot berth at a lot of ports owing their higher drafts. SBMs can easily be installed in deeper waters. The VLCC can connect to the SBM buoy which is anchored offshore at depths comfortable for such large vessels and transfer the crude to the SBM from where in it reaches the storage terminal on the shore via sub-sea pipelines connected between the SBM and the storage terminal.

Single Buoy Mooring Insurance : Wordings ITC Hulls Port Risks – 20.07.1987 (Named Perils Policy). Covers physical damage, salvage, wreck removal (limited cover), third party liability – property and life (Limited cover), damage to vessel by government authority to prevent pollution hazard and sue and labour. The perils covered are perils of the seas, rivers, lakes or other navigable waters, fire, lightning, explosion, contact with aircraft or similar objects or object falling therefrom, land conveyance, dock or harbor equipment or installation, accidents in loading, discharging or shifting of cargo or fuel and latent defects.

Key exclusions are SRCC and terrorism (add on cover), Earthquake and volcanic (add on cover), nuclear exclusion and war exclusion.

SBM pipeline is covered as per London Standard Pipeline Form (All Risk Cover). Exclusions are oil and gas in the pipeline, gradual wear and tear, delay, scraping/coating/painting unless as a direct result of loss/damage. SBM Cargo : Coverage as per wordings of Institute Bulk Oil Clauses – CL.273 (Named peril cover). SBM Third Party Liability : Coverage as per wordings : LSW-244/245.

Single Carrier Replacement : A situation where on carrier replaces several other carriers who had been providing services.

Single Entry Charter : A non-scheduled flight carrying the cargo of one shipper.

Single Interest Policy : Insurance protecting the interest of only one of the parties having an insurable interest in certain property, as the protecting a mortgagee but not the mortgager, or protecting the seller but not the buyer of merchandise.

Single Limit : An insurance coverage which is expressed as a single amount of insurance, or a single limit of liability.

Singleton Policy : A combined company policy form issued on behalf of a single insurer.

Sinking : To be "sunk" the vessel must have been effectively sunk. If she could have been further immersed, she is not "sunk."

Sinking Fund Policy : Refer "Capital Redemption Policy."

SIR : Refer : "Self-insured retention."

Sister ship Clause, Liability : Liability Insurance exclusion which denies coverage for the withdrawal or recall of potentially defective product from the market.

Sister ship Exclusion : A Product Insurance Exclusion which denies coverage for the withdrawal and recall of products from the market.

Sister ship Liability : Loss of property or income which occurs when an owner or user of a product decides not to use, or is legally forbidden from using the product.

Sister-Ship Clause, Marine Hull : Should be Vessel hereby come into collision with or receive salvage services from another vessel belonging wholly or in part the same Owners or under the same management, the Assured shall have the same rights under this insurance as they would have were the other vessel entirely the property of Owners not interested in the Vessel hereby insured; but in such cases the liability for the collision or the amount payable for the services rendered shall be referred to a sole arbitrator to be agreed upon between the Underwriters and the Assured.

Site : A particular platform or location for loading or unloading at a place.

Situation Index : An index kept by fire insurers of the location of risk insured.

Skilled Nursing Care : Daily nursing and rehabilitative care that is performed only by or under the supervision of skilled professional or technical personnel. Skilled care includes administering medication, medical diagnosis and minor surgery.

Slander : A form of tort which is a false statement designed to damage the reputation of another person, in a verbal form.

Sling Loss : The loss caused to cargo due to throwing of cargo on board the vessel.

Slip : The document used by the broker negotiating placing of the business in the London market. The underwriter signifies his acceptance on the broker's slip.

Slip Agreement : An agreement expressed by an underwriter on a broker's slip at a date subsequent to the original acceptance of the risk.

Slip Policy : A signed slip that has been adapted to serve a Policy in place of a formal Policy document.

Slip System : The face-to-face system used within the London Market to co-insure risks. Proposed are described by a broker on a standard form (slip); terms and premium rate are added after negotiation with a lead underwriter (who also signs for a certain proportion of the risk), before the slip is circulated by the broker amongst other underwriters who sign the slip to confirm the proportion of risk that they will accept.

Small Additional Or Return Premium Clause : A clause in a policy providing the small adjustments of premium shall be waived, they being uneconomic to make.

Smoke Damage : Damage caused by the smoke from a fire in contrast to damaged caused by the actual combustion.

Smoke Damage Insurance : Insurance against damage done by smoke from the sudden, unusual, and faculty operation of a heating or cooking unit but only when such unit is connected to a chimney by a smoke pipe and while on the premises described in the Policy. Smoke damage from Fire places and industrial apparatus is excluded. Damage covered by smoke from a hostile Fire is covered by a Fire Insurance Policy rather than the smoke damage Insurance Policy.

Smoke Staining : The process of soot developed from a fire adhering to the contents, walls and windows.

Smolder : To burn and smoke without flame.

SMP : Refer : "Special multi-peril Policy."

Social Insurance : All Insurance required by law for substantial numbers of the general population, administered or closely supervised by the government, and supported primarily by earmarked contributions, with a benefit structure that usually redistributes income to achieve some social object, not private equity.

Social Security Scheme : All government measures designed to protect its citizens against

1. Personnel risks and
2. Poverty and substandard conditions. Social Insurance is one part of a social security system. In India the Government of India has introduced the following social security schemes which are being implemented with the active assistance various Life and General Insurers :

   a. Hut Insurance Scheme : "Refer : "Hut Insurance Scheme, Social Security scheme.

   b. Personal Accident Social Security scheme : "Refer : Personal Accident Social Security Scheme."

   c. Solatium Fund : Refer : Solatium Fund, Social Security scheme.

Society of Insurance Research : An organization which encourages insurance research and promotes the exchange of ideas and methods of research.

Soft Premium Rates : Low premium rates. See also Hard Premium Rates.

SOLAS Convention : The International Convention for the Safety of Life at Sea, 1974.

SOLAS Protocol : A draft instrument of 1978 designed to enhance tanker safety for adoption by parties to the SOLAS Convention.

Solatium Fund, Social Security Scheme : The Central Government has made the Solatium Fund Scheme, 1989 for payment of compensation to the victims of "hit and run" motor accidents. The Scheme came into effect w.e.f. 1st July 1989 and provides (a) In respect of the death of any person resulting from a hit and run motor accident, a fixed sum of Rs. 25000/-. (b) In respect of grievous hurt to any person resulting from a hit and run motor accident, a fixed sum of Rs. 12500/-.The Solatium is payable out of a SOLATIUM FUND established by the Central government It is the GIC and the designated Insurer for the State who would now pay compensation as above.

Sole Proprietorship : A business enterprise owned by one person who is its manager and employee.

Sole Proprietorship Insurance : Insurance that handles the business peculiar to a sole proprietorship.

"SOLELY AND DIRECTLY" Personal Accident : The effect of this phrase is to require the death or disablement to be the direct result of the injury (the doctrine of proximate cause). Hence, if any other cause contributes to the result the insured event has not occurred. An accident may set up a disease and result in death, but death may still be the direct result of the accident, namely, where there is no break in the chain of the causation, e.g., a man is thrown from his horse while hunting and so injured that he cannot walk, he lies on the wet ground until he is picked up, he thus catches a chill which turns to pneumonia, and dies. On the other hand, if a man breaks a leg and is taken to hospital where he contracts infectious disease from another patient,

with fatal result, the death is not the sole and direct result of the accident; the infectious death constitutes a break in the chain of causation.

Solicitor : An individual appointed and authorized by an agent to solicit and receive application for insurance as his representative. Solicitors are not usually given the power to bind coverage but are required to be licensed.

Solvency : Having sufficient assets – capital, surplus, reserves – and being able to satisfy financial requirements – investments, annual reports, examinations – to be eligible to transact insurance business and meet liabilities.

Solvency Clause, Reinsurance : Refer : “Reinsurance, Solvency Clause”

Solvency Margin : Solvency margin simply indicates how solvent an insurance company is, or how prepared it is to meet unforeseen exigencies. As per IRDA Rules all the general insurance companies and health standalone insurance companies need to maintain solvency margins. The required solvency margin shall be the highest of (a) Rupees five hundred million (Rupees one billion in case of a re-insurer), or (b) a sum equivalent to twenty per cent of net premium income, or (c) a sum equivalent to thirty per cent of net incurred claims whichever shall be highest. This shall be subject to credit for re-insurance for computing net premiums and net incurred claims being actual – but a percentage, determined by the regulations, not exceeding fifty per cent. An insurer who fails to maintain the required solvency margin will be deemed to be insolvent and may be wound up by the court.

Solvency Ratio : Solvency ratio means the ratio of the amount of Available Solvency Margin to the amount of required solvency margin.

$$\text{Solvency Ratio} = \frac{\text{Available Solvency Margin}}{\text{Required Solvency Margin}}$$

“Available Solvency Margin” means the excess of value of assets over the value of the liabilities and other liabilities of policyholders’ fund and shareholders’ funds. The “Required Solvency Margin” is based on mathematical reserves and sum at risk, and the assets of the policyholder funds.

The numerator of the ratio represents the items such as (i) Capital or funds (ii) Various reserves that include price fluctuation reserve (iii) A portion of unrealized profits obtained from real estate and stocks

Sonic Band Hazard : The supersonic aircraft Concorde travelling at a speed of 1800 mph (2,900 km/h) presents the "sonic bang" hazard; i.e., the damage to property on the ground when the aircraft crosses the sound barrier (e., splintering of glass window panes).

Sonic Boom : Noise, pressure, and shock waves resulting from an aircraft or missile exceeding the speed of sound. At one time property damage caused by sonic boom was excluded under most property insurance policies. Modern commercial property forms and householders policies now cover losses by sonic boom.

Sound Value : Usually used after a Fire to indicate the value of the insured property immediately before the damage.

Space Insurance : Refer "Satellite Insurance**".**

Spalling : Steam explosions in concrete. The trapped water vapor expands and forces out chunks of concrete. This is considered by some fire cause experts to be evidence of the use of an accelerant.

Spare Parts Clause : A clause in a motor insurance policy limiting the insurer's liability for the cost of spare parts no longer available from the car manufacturer.

Special Acceptance, Reinsurance : Refer : "Reinsurance, Special Acceptance"

Special Agent : Individual representing his Insurance Company in an exclusive territory. He supervises Agents of the Company and operations of his Insurance Company.

Special Building Form : A type of insurance which provides all risk coverage on commercial buildings, subject to certain exclusions.

Special Condition of Average : Application of pro-rata average modified. Under Insurance to the extent of 15% will be ignored. This is applicable in respect of Fire Policy 'A' & 'B'. However, in case the percentage of under Insurance exceeds 15% then the entire percentage of under Insurance would be taken into account for the purpose of loss settlement.

Special Coverage Form : Any of the commercial or personal lines property insurance which provide coverage on an all-risk type basis. This type of insurance provide the broadest coverage and do not list covered perils, but do include a l list of exclusions.

Special Damages : Amount awarded in litigation to compensate for specific identifiable economic loss.

Special Declaration Policy : This Policy is introduced by the All India marine Cargo Tariff. It can be issued to the insured having minimum annual estimated despatches i.e., annual turnover of at least Rs. 2 Crores for the individual Company concerned. There is prohibition on issue of this Policy to transport operator / contractors, clearing, forwarding and commission Agents or freight forwarders either in their own name or jointly with the owners of the goods, except on goods owned by them. The Policy is not assignable or transferable, and shall be issued for a period of 12 months.

Special Form : In contract to the named perils forms in property insurance, those forms that list specific perils for coverage, the special form contract covers simple risk of direct physical loss, relying on exclusions to delimit and define the protection intended.

Special Hazard : A risk of more than average size, duration of danger.

Special Multi-Peril Policy (SMP) : Multiple line Insurance Policy which typically combines property, liability, crime and many other coverage. As for example shopkeepers Insurance. Householders Insurance, Multi-peril policies for LPG dealers, Medical Establishments etc. In addition many options and endorsements are available to tailor the Policy to the requirements of the insured.

Special Peril : An extra risk added to a Policy not originally designed to cover that risk e.g., the risk of bursting of overflowing of water tanks, apparatus or pipes added to a Fire Policy.

Special Personal Property Insurance : A type of insurance which provides all risk coverage on the personal property with specific exclusions.

Special Risk : A transfer of risk from one individual to another not based on true Insurance principles of reducing the individual risk to the risk of the statistical universe. Underwriters of Lloyd's lf London are known to insure the eyes of artisans, the fingers of Piano players, voice of singers, and such other special risks.

Special Storage Risks Insurance : Under marine Insurance policies the cover can be granted to goods during storage at railway yard of carriers' premises, pending clearance by the consignees on termination of marine cover under open policies or special declaration policies. This cover may be granted in conjunction with an open Policy of a special declaration Policy covering the transit of goods by rail or road. Risks under this Policy shall be similar to those under the open Policy or special declaration Policy except in case of SR & CC risk. The Insurance is linked to cover under the transit Policy as follows:

Transit Policy	Special Storage Risk Policy
Basic risks only	Fire and Lightening only
Basic Risks, Non-Delivery of Entire Consignment	Fire, Lightning, Burglary
Basic Risks, Theft, Pilferage and Non Delivery	Fire, Lightning, Burglary, Housebreaking, Theft
Any Cover wider than above or All Risks of Transit	All Risks
SRCC Extension	Riot, Strike, Malicious Damage and Terrorism Risks

Special Warranty Deed : A warranty only against the acts of the grantor himself and all persons claiming by, though, or under him.

Specialty : A contract under seal.

Specie : It means metal in form of minted pieces. A collective term for valuables such as gold or banknotes.

Specific Insurance : Property Insurance on explicitly described real or personal property. It contrasts with Insurance that covers on a blanket basis, all property at one or more locations without specific description of that property. Specific Insurance is considered primarily over blanket Insurance when coverage overlap.

Specific Liability Exposures and Problem : Refer : "Liability exposures and problems, business."

Specific Policy, Marine Cargo : A policy covering a single defined transit from one location to another is called a Specific Policy or Trip Policy.

Specific Rate : A rate applying to an individual piece of property.

Specification : (01) Details of large risks appended at the end of the Policy form. (02) A description sent to potential bidders (insurers). They describe the types and amounts of desired insurance, minimum qualifications for bidding agents and insurers and other characteristics of one's insurance needs.

Specified Perils : Named Peril. A peril indicated or identified in the contract of insurance as a risk of loss for which insurance is being provided. If a loss occurs by a peril not specified no coverage exists.

Speculative Risk : The uncertainty of an event that could produce either a profit or a loss, such as a business venture or a gambling transaction.

Split Charter : Where a number of consignments from different shippers are carried on the same non-scheduled aircraft.

Split Limits : Where rather than one liability amount applying on a per-accident basis, separate amounts apply to bodily injury and property damage liability.

Split Risk : When parts of the insurance on a given subject matter are placed with different insurers it is said to be a split risk. For example, the owner of a fleet of motor vehicles may insure the third party risk with one insurer and the own damage risk with another.

Spoilage Material Damage Cover, Add On Peril under Standard Fire and Special Perils Policy (Material Damage) : In consideration of payment of additional premium the cover is extended to cover loss or damage by spoilage resulting from the retardation or interruption or cessation of any process or operation caused by any of the perils covered under the policy provided that liability for destruction of or damage to the property insured is first admitted by the company. The Add on cover may be for all stocks and machinery, containers and equipment in specified blocks, specified sums being declared for each block and must be made subject to Average.

Spontaneous Combustion : Spontaneous combustion is ignition resulting from internal heating which takes place due to chemical reaction to certain substances when stocked or stored in bulk. Heat is generated by combination of the substances with atmosphere oxygen (e.g., vegetable oils, coal) or by the action of micro-organization (e.g., hay) or by the reaction with water or some substance other than oxygen or by decomposition.

Spontaneous Combustion, Add On Peril under Standard Fire and Special Perils Policy (Material Damage) : On payment of additional premium the printed exclusion of Spontaneous Combustion is deleted and instead the risk and/or destruction and/or loss caused by fire only of or to the property insured caused by its own fermentation, natural heating or spontaneous combustion is covered.

Sports Insurance : A comprehensive cover available to amateur sportsmen covering their sporting equipment, personal effects, legal liability and personal accident risk. If desired, the cover can also be made available in respect of the named member/s of the insured's family residing with him. The cover is normally available for events taking place in India in respect of any one or more of the following sports : (i) Angling (ii) Badminton (iii) Cricket (iv) Golf (v) Lawn tennis (vi) Squash (vii) Use of sporting gun. However, this cover is not available to professional sportsmen.

Spread Loss Reinsurance : Refer : “Reinsurance, Spread Loss”

Spread of Risk : One of the basic functions of a sound Underwriting Policy. A system whereby the total amount at risk in any one exposure is spread amongst a large groups of Insurers and Reinsurers so that the ultimate net loss rests lightly on many rather than heavily on a few.

Spreader Clause : A clause in an Aviation Passenger liability policy which provides that if more than the declared number of passengers is carried in an aircraft the limit of liability per passenger is automatically reduced.

Sprinkler Leakage Insurance : Property Insurance covering accidental flow of water or other extinguishment from a Fire-fighting sprinkler when there is no Fire or certain other specified causes.

Sprinkler Leakage Legal Liability Insurance : Insurance covering the legal liability of an insured who has a sprinkler leakage loss that damages the property of others.

Sprinkler System : System of discharge devices (sprinklers) distribution piping to supply water or other extinguishants to these devices, one or more sources of extinguishants under pressure, flow controlling devices (valves) and devices to actuate the system when a Fire occurs. The four basic types of systems are:

- **Deluge** : System in which all sprinkler heads are open and water (or other extinguishants) is held back by a main (deluge) valve. When this valve is opened by the actuating device, the extinguishant is delivered. and discharged from all heads simultaneously. A deluge system generally is used to wet down a large area quickly. Such as a sports arena.

- **Dry-Pipe** : System in which all piping contains only air under pressure. When a sprinkler head opens, the air pressure is released and the dry-pipe valve opens, permitting an extinguishant to enter the system and to flow out of any open sprinkler heads. A dry-pipe system is generally used where pipes may freeze.

- **Pre-Action** : System similar to a dry-pipe system except that air pressure may or may not be used to keep the system dry. The main control valve is opened by an actuating device, which permits the extinguishant to flow to the individual sprinkler heads and the system then functions as a wet pipe system. A pre-action system is generally used where piping is subject to mechanical damage and where it is important to prevent accidental discharge of extinguishant.

- **Wet-Pipe** : System in which all piping is filled with an extinguishant under pressure to be released by the fusible mechanism in the sprinkler head.

SS : Steamship, steam powered ship (Steam driven turbines).

Stacking of Limits : Applying the limits of more than one policy to an occurrence, loss or claim. In some cases, courts have required a stacking of limits when multiple policies, or multiple policy periods, cover an occurrence.

Staff Adjuster : An insurance company employee who settles claims for losses on its behalf.

Stage Carriage, Motor : A motor vehicle constructed or adapted to carry more than six passengers excluding the driver for hire or reward at separate fares paid by or for individual passengers either for the whole journey or for stage of the journey.

Stage Carrier v/s Contract Carriage, Motor : The Contract carriage is engaged for the whole of the journey between two points for carriage of a person or persons hiring it, but it has not the right to pick up other passengers en route. The stage carriage, on the other hand, runs between two points irrespective of any prior contract, and it is boarded by passengers en route who pay the rate for the distance they propose to travel.

Stage One : The first part of the separation procedure, in which accounting is carried out.

Stage Two : The second part of separation procedure, wherein Policy signing is carried out.

Stamp (allocated) Capacity : the aggregate of the premium limits of the members of a Lloyd's underwriting syndicate in any given year of account.

Stamp Act : Refer : "Acts, Indian Stamp Act."

Stamp Duty : A tax on a formal document such as an insurance policy that may be paid by affixing or impressing a stamp.

Standard Class Rate (SCR) : This is rate which is arrived at by using a base rate per participant multiplied by a factor to allow for group demographic information.

Standard Deviation : Arithmetic mean of the difference between each observation and the mean of all observations. Arithmetically defined as the square root of the arithmetic mean of the squared deviation of observations from their mean. A measure or index of dispersion within a frequency distribution.

Standard Exception : In Employer's Liability (W.C.) Insurance certain classes of employees are classified separately for rating, rather than being included in the main classification for a risk. Examples, would be clerical office employees, outside sales representatives, draftsmen, drivers, chauffeurs, and their helpers.

Standard Fire and Special Perils Policy (Material Damage) : Dwellings, Offices, Hotels, Shops etc located outside the compounds of Industrial / Manufacturing Risks : (i) Building and contents to be rated "per se". (ii) Stocks belonging to the insured stored in the open area adjacent to the insured's remises is held covered. (iii) Incidental operations such as grinding of lenses in optical frame shops, polishing and/or varnishing in furniture shops, occasional repairs etc are permitted. (iv) For Seasonal storage of crackers during the currency of the policy in "shops dealing in goods otherwise not provided", a loading of 10% shall be charged on the rates applicable to "contents." (v) Presence of hazardous goods (as per list) not exceeding 5% of the total value of the stock may be ignored. (vi) Discount is allowed for deletion of Storm etc and RSMTD perils. (vii) Pump houses, garages, compound walls and ancillary equipment or other utilities shall carry the respective occupancy rate. (viii) Risks protected by automatic sprinkler installation to be given discount.

Standard Fire and Special Perils Policy (Material Damage) : Industrial / Manufacturing Risk : Common rate for the entire insured property in the same industrial compound i.e.,, all process areas, storage areas, offices, utilities, miscellaneous blocks, pipelines, road, compound walls, cables, street lights etc. In case more than one product is being manufactured highest rate applicable shall be charged.

If two or more factories are situated in the same compound or independent products are manufactured in the same compound the manufacturing blocks shall be rateable "per se" if located detached. Auxiliaries/miscellaneous blocks/utilities and godown/tank farms, pipelines, roads, compound walls etc to carry highest rate of all such manufacturing blocks.

Dwelling houses located inside the factory compound to be rated "per se".

Discount is allowed for deletion of Storm etc and RSMTD perils.

Standard Fire and Special Perils Policy (Material Damage): Property Insurance Policy covering loss, destruction and/or damage due to (a) Fire (b) Lightning (c) Explosion/Implosion (d) Aircraft Damage (e) Riot, Strike, Malicious Damage, (f) Flood Group of Perils – STFI (g) Impact Damage Subsidence and Land Slide Including Rock Slide (i) Bursting and/or Overflowing of Water Tanks, Apparatus and Pipes (j) Missile Testing Operations generally conducted by Government Authorities (k) Leakage from Automatic Sprinkler Installation (l) Bush Fire excluding loss destruction or damage caused by Bush Fire. The policy is subject to specific exclusions (1) General Excess (2) Excess for policies having sum insured above Rs. 10 crore per location (3) War, Invasion perils (4) Nuclear perils (5) Pollution or contamination excluding which itself

results from a peril insured (6) property such as bullion or unset precious stones, any curios or works of art for an amount exceeding Rs. 10,000, goods held in trust or on commission, manuscripts, plans, drawings, securities, obligations, documents of any kind, stamps, coins or paper money, cheques, books of accounts or other business books, computer systems records, explosives unless otherwise expressly covered in the policy (7) Stocks in cold storage premises caused by change of temperature (8) Particular electrical machine, apparatus, fixture or fitting which has been instrumental in setting up the fire being the cause of the loss. Provided Loss, destruction or damage by fire to other electrical machine and property insured is covered. (9) Expenses necessary incurred on (i) Architects, Surveyors and Consulting Engineers' Fee and (ii) Debris Removal by the insured following a loss, destruction or damage to the property insured by an insured peril in excess of 3% and 1% of the claim amount respectively (10) Loss of earnings, loss by delay, loss of market or other consequential or indirect loss or damage of any kind (11) Loss or damage by Spoilage resulting from the retardation or interruption or cessation of any process or operation of any of the perils covered (12) Loss by theft during or after the occurrence of any insured except as provided Riot, Strike, Malicious and Terrorism Damage cover (13) Earthquake, volcanic eruption or other convulsions of nature (14) Loss or damage to property if removed to any building or place other than in which it is insured except machinery and equipment temporarily removed for repairs, cleaning, renovation or other similar purposes for a period not exceeding 60 days.

Standard Fire and Special Perils Policy (Material Damage) : Storage Risks located outside the compounds of Industrial / Manufacturing Risks : (i) Rates shall apply to buildings or areas used for storage of materials. (ii) Operations such as packing/selecting/assorting/mending/stitching / battery charging and the like which do not materially alter the nature of risk are allowed to be carried out in the premises. (iii) The presence of hazardous goods of higher category not exceeding 5% of the total value of the stocks may be ignored. (iv) Utilities and miscellaneous blocks shall be rated at Rs. 1.00%-o. (v) Incidental open storage upto 2% of the sum insured on stocks can be allowed (vi)Discount allowed for deletion of perils of Storm or RSMTD or both. (vii) Discount for automatic sprinkler installation with their own pumping arrangements.

Standard Fire and Special Perils Policy (Material Damage), Long Term Policy for Dwellings : Subject to (a) Minimum period of 3 years (b) Premium for entire policy period to be collected in advance. Two methods : (i) Method A : Premium shall be charged in full without any discount. However, sum insured under the policy shall be deemed to have increased by 10% of the original sum insured at the end of every 12 months period. (ii) Method B : There shall not be any automatic increase in sum insured. Instead appropriate discount shall be allowed depending on the number of years. Midterm increase in sum insured on pro-rata.

Standard International Trade Classification (SITC) : A standard numerical code system developed by the United Nations to classify commodities used in international trade.

Standard Mortgage Clause : Refer : "Mortgage clause, standard."

Standard of Care, Defined : Refer :"Professional indemnities. Standard of care, defined."

Standard of Care, Modified : Refer : "Professional indemnities : Standard of care, modified."

Standard Policy : (i) Coverage which has identical provisions regardless of the issuing insurers. Many common policies are standardized. (ii) Insurance issued to a standard risk.

Standard Premium : Synonym for basic premium. Refer :"Basic premium."

Standard Provisions : Provisions whose exact working is prescribed by law for specific types of Insurance. These provisions must appear in all policies issued in that jurisdiction where the law is applicable.

Standard Risk : A person who, according to a company's underwriting standards, is entitled to insurance protection without extra rating or special restrictions.

Standard Slip : The broker's slip used in the London market. the standard format is mandatory for slips presented by brokers to L.P.S.O. and the I.L.U.

Standard Turnover : In Business Interruption Insurance the turnover of the insured business for the period during the twelve months before the date of material damage occurring corresponding to the indemnity period which begins on that date.

Standing Charges : Constant charges prevailing throughout whether the turnover is reduced or not.

Stare decisis : The doctrine that a court, subject to certain exceptions, is bound to follow a precedent set in previously decided cases on the same or closely related points.

Start Up Expenses : **Additional Expenses of Rent for an Alternative Accommodation :** The policy is extended to cover start-up costs necessarily and reasonably incurred by the insured consequent upon a loss or damage covered under the basic material damage policy.

Stated Amount : An agreed amount of insurance which is shown on the policy and which will be paid in the event of total loss regardless of the actual value of the property.

Statement of Values : Information required by a rating bureau or underwriter to value each risk separately.

Static Impairment : A physical condition in which the body has suffered some loss or injury. Permanent loss of sight or the amputation of a limb are two examples of a static impairment.

Status : Legal standing, condition or relation. Relative position of rank.

Statute : An act of Parliament.

Statute of Limitations : The time limit set by law during which a person must bring legal action on a case.

Statutory : Required by or having to do with law or statute.

Statutory Accounting : Accounting prescribed by Regulatory authority for insurance companies. Under the statutory accounting system **GAAP (General Accepted Accounting Principles)** are not followed, but statutory conventions replace GAAP.

Statutory Inspections : Plant inspections which are required by law to be carried out at stipulated intervals by a competent person who must also prepare a report in a prescribed form detailing the condition of the plant.

Statutory Law : Body of written law created by legislatures.

Statutory Minimum Solvency Margin : The minimum level by which an insurance company's exceeds its liabilities according to IRDA directives.

Statutory Profit : The profit of an insurer computed under the statutory system of accounting.

Statutory Reserve : A reserve, either specific or general required by law.

Statutory Returns : Annual statements and accounts than an insurance company is obliged to file under IRDA directives. The purpose is to enable the IRDA to supervise the insurer's liabilities by carrying out a valuation of the insurers' liabilities and comparing with the assets held.

Steamship Agent : A duly appointed and authorized representative in a specified territory acting in behalf of a steamship line or lines and attending to all matters relating to the vessels owned by his principals.

Steamship Line : Company is usually composed of the following departments; vessel operations container operations, tariff department, booking, outbound rates, inward rates and sales, the company can maintain its own in country office to handle sales, operations and/or other matters or appoint steamship agents to represent them doing same. Some lines have inner offices in several regions and have appointed agents in others.

Stipulation : A policy condition that does not got to the root of the contract so that a breach of it does not enable the insurer to escape his liability. The insurer's remedy is a suit for damages.

Stock : (i) Insurance Company that issues stock as compared to a mutual Insurance Company. (ii) Merchandise as compared to fixture, machinery or furniture.

Stock Exchange Contingency Policy: The Policy covers protection against contingency where the signature of transferor attested by a member broker is later discovered as a forged one. The Policy covers inability of the brokers to complete transactions due to forgery, fabrication, fraud or misrepresentation by the principals. Indemnity is provided up to a stated limit for each stock exchange and all its registered members brokers subject to further a stated limit per Broker. Similar Policy to indemnify the Joint Stock Companies up to a stated limit is also defined to cover losses incurred by the Companies due to non-completion of share transfer transactions for similar reasons.

Stock Insurance Company : A Company owned and controlled by stock holders and conducted for profit. IT sets a premium charged for Insurance assuming all liabilities on a corporate basis. The owner of the business are paid the profits.

Stock Insurer : Refer : "Stock Insurance Company."

Stock Throughput Policy, Marine Cargo : A Marine Policy which combines the traditional transit exposures along with storage risks of stocks under a single document. Cover will be for (i) Raw materials, consumables, stores and spares, fuel, from the time they are purchased locally or imported till they reach the factories/warehouses of the insured or the factories/warehouses of any job-workers, sub-contractors etc., (ii) storage cover for the entire duration the materials lie at the locations under (i), (iii) cover during process phase or assembly line phase when the raw materials become work in progress/semi-finished goods and till the time they get converted as finished goods. While stock in process is covered the loss due to process risks is not covered. (iv) Movement of finished goods from the factories to mother warehouses for storage, cover during the said storage and subsequent transits within the country or overseas

to customers, C & F Agents or distributor, dealers, stockiest or to insured's branches /trading arms.

Stolen Property : Property the possession whereof has been transferred by theft, or by extortion, or by robbery, and property which has been criminally misappropriated or in respect of which criminal breach of trust has been committed, is designated as "stolen property", whether the transfer has been made, or the misappropriation or breach of trust has been committed, within or without India. But, if such property subsequently comes into the possession of a person legally entitled to the possession thereof, it then ceases to be stolen property. (Section 410 of the Indian Penal Code).

Stop Limit Provision : A provision that eliminates the coinsurance feature after an insured's out of pocket expense reaches a specified amount.

Stop Loss : (01) Any provision in a Policy designed to cut off the Company's loss at a given point i.e., a Policy where no payment is made until the accumulated total losses in the year exceed the stop loss level, when the Insurer takes over. (02) A form of excess insurance. For example, in a group health plan, the stop loss coverage may begin benefits when self-funded claim exceed 125 percent of the claims an insurer would have expected under a fully insured contract.

Stop Loss Reinsurance or Stop Excess of Loss Reinsurance : Refer : "Reinsurance, Stop Loss or Reinsurance, Stop Excess of Loss."

Storage cum Erection – SCE : Refer : "Engineering Insurance : Erection All Risks – EAR (Storage cum Erection – SCE)."

Storekeepers Burglary and Robbery Insurance : A type of package crime policy designed for a storekeeper which provides coverage on various crime hazards.

Storekeepers Liability Policy : A single limit package policy covering bodily injury and property damage liability claims in the operation of the storekeeper's business. It includes limited coverage on contractual and products liability.

Storm : A violent disturbance of the atmosphere (weather condition) of strong winds a wind of 64–72 mph (29–32 m/sec)., rain, hail, thunder, lightning, blowing sand, snow etc. When on sea very high waves (29-41 ft) with overhanging crests, sea white with densely blown foam, heavy rolling, lowered visibility. On land though seldom experienced, whenever occurred results into trees broken or uprooted, "considerable structural damage" Also refer violent storm.

Stowage : The lacing of cargo in a vessel in such a manner as to provide the utmost safety and efficiency for the ship and the goods it carries.

Stowaway : A stowaway is one who hides in a ship to obtain free passage.

Stranded : A term used to describe a ship that has run aground.

Stranding : Contact with the sea bed or other obstruction and the vessel or craft must remain for a reasonable period time hard and fast. (ii) The running a ground of ship or vessel.

Stratification of Losses : Classification of losses (either individual losses or annual total of loss) into categories of rupee size in order to analyze the likelihood of various levels of loss severity and to make appropriate decisions for financing or controlling these losses.

Strict Liability : Refer : "Liability, Strict."

Strike : Physical damage to the insured property Directly caused by persons involved in a labour dispute resulting in a strike. It does not embrace expenses or financial loss suffered by the insured as a result of the strike.

Strike Through Clause : A clause providing that in the event of the insolvency of a ceding insurer, the reinsurer continues to be liable for its share of losses, which will then be payable directly to the insured rather than to the liquidator of the insolvent ceding insurer.

Strikes Clauses (Air Cargo) 2009 : Same as Strikes clauses (cargo)

Strikes Clauses (Cargo) 2009 : STRIKES CLAUSES : This insurance covers loss of or damage to the subject-matter insured caused by strikers, locked-out workmen, or persons taking part in labour disturbances, riots or civil commotions, any act of terrorism being an act of any person acting on behalf of, or in connection with, any organization which carries out activities directed towards the overthrowing or influencing, by force or violence, of any government whether or not legally constituted, any person acting from a political, ideological or religious motive. Strike clauses only cover physical damage arising from the specified perils and not losses arising from delay or interruption of the transit. Two additional exclusions help to make this clear. (1) loss damage or expense arising from the absence shortage or withholding of labour of any description whatsoever resulting from any strike, lockout, labour disturbance, riot or civil commotion (2) any claim based upon loss of or frustration of the voyage or adventure. Duration (transit) clause is the same as under ICC - A, B or C.

Strikes, Riots and Commotions Clause, Inland Transit not in Conjunction With Ocean Voyage : Risks covered are loss or damage to the subject matter insured caused by (i) strikers, locked out workmen or persons taking part in labour disturbances, riots or civil commotions; (ii) any act of terrorism being an act of any person acting on behalf of, or in connection with any organization which carries out nativities directed towards the overthrowing or influencing, by force or violence, of any Government whether or not legally constituted, caused by any person acting from a political ideological or religious motive. terrorist or any person acting from a political motive.

Strong Gale : Wind having a speed ranging fro 31 to 47 knots (47 to 54 miles per hour, 76 to 87 kilometers per hours, according to Beaufort Scale. On the water high waves (23-32 ft), sea begins to roll, dense streaks of foam, spray may reduce visibility. On land Slight structural damage occurs, slate blows off roofs. Also refer, Gale.

Structured Formula for Compensation, Indian Motor Vehicles Act : The Act was amended on 14.11.1994 to introduce a new concept of payment of compensation on structured formula basis. The new section provides for fixed compensation to be paid to victims of fatal injuries in motor vehicle accidents, based on their age and income. This would be full and final settlement.

Structured Settlement : An alternative to lump-sum settlement of bodily injury liability claims or court verdicts. The claimant is paid specified sums at specified intervals as compensation for loss of income, medical and rehabilitation expenses, and pain and pain and suffering until a designated future date (possibly the claimant's death). Many structured settlements are financed through insured annuities, and payments can be adjusted for changes in price levels or in the claimant's situation.

Students Safety Insurance : Refer : "Personal Accident Insurance. PA for School Going Children."

Sub Agent : Individual that reports to an Insurance Company through another Agent.

Sub Broker : An intermediary from whom another intermediary obtains reinsurance business to be placed.

Sub Limit : Any limit of insurance which exists within another limit. For example, special classes of property may be subject to a specified limit per occurrence, even though the policy has a higher overall limit.

Subject Approval No Risk : Phrase inserted in initial form on a slip when the insurer does not know whether the proposer will accept the insurer's terms and requires the proposer's confirmation which must be given without delay if the insurance is to attach.

Subject matter of Insurance : The subject matter of insurance may be any property of intrinsic value or any event the happening of which will cause the loss of a legal right or the creation of a legal liability. Thus, in fire insurance, the subject matter may be a house or a factory; in accident insurance, one's eye or limbs or one's liability for bodily injuries to , or damage to the property of a third party and in marine insurance a ship, its cargo, the freight at risk or the ship owner's liability to third parties. Insurance is operative not in respect of the subject matter itself but in respect of the interest of the insured in the event or property concerned and it is this interest which is the subject matter of the contract. It is the pecuniary interest of the insured in the property exposed to peril that is really insured. Therefore, while the subject matter of insurance may be property life or liability the subject matter of contract is the insurable interest therein.

Subject to average : A Provision in a non-marine property insurance that if at the time of a loss the value of the insured property is greater than the sum insured the insurer's liability for the loss will be reduced in proportion to the under-insurance.

Subject to Survey : Phrase used to signify provisional acceptance of a fire insurance pending inspection by a fire insurance surveyor whose report will be required to determine the rates and provisos to be offered.

Subjective Probability : An estimate of loss frequency based on logical reasoning and personal judgment.

Subjective Risk : The risk based on the mental state of an individual who experience uncertainty or doubt as to the outcome of a given event.

Submitted Business (Or Proposal) : Application for insurance submitted to an insurer but not yet acted upon by it.

Subpoena : A legal summons to appear before a court to give evidence to *(subpoena ad testificandum)* or to produce a document *(subpoena duces tecum)*

Subrogation : Legal right of one who has paid an obligation owed by another to collect from the party originally owing the obligation. Thus, Subrogation is the transfer of rights and remedies of the insured to the insurer who has indemnified the insured in respect of the loss.

1. **Contractual Subrogation** : Subrogation which is created or modified by a contractual agreement between the Subrogee and the Subrogor in contrast to equitable subrogation which is recognized by common law and does not need to be made explicit in a contract.

2. **Equitable Subrogation** : Right, recognized by common law, of a third party. (such as an Insurer) who has met an obligation for which another is primarily responsible (such as a tort feasor) to seek repayment from the party primarily concerned.

3. **Waiver of Subrogation** : Voluntary relinquishment, before a loss occurs by a Subrogee (Insurer) of rights which after a loss, it may become subrogated. Under an Insurance Policy covering the interests of two or more parties who may later become involved in a legal dispute such as Insurance covering both the builder and owner of a structure in progress) the Insurer frequently waives, with respect to each insured. the rights to which it may become subrogated because of the wrong-doing of another insured.

4. **Subrogation Clause :** A clause giving an insurer the right to pursue any course of action, in its own name or the name of a policy owner, against a third party who is liable for a loss which has been paid by the insurer. One of its purposes is to make sure that an insured does not make any profit from his insurance. This clause prevent him from collecting from both his insurer and a third party. It is never a part of a Life Insurance Policy.

Subrogation Form : A standard form used in Marine insurance by signing which the insured when a claim has arisen, acknowledges the insurer's right to claim from a third party in the name of the insured.

Subrogation Release : A release taken by an insurer upon indemnifying an insured. It contains a provision specifying that the insurer will be subrogated to the rights of recovery that the insured has against any person responsible for the loss.

Subrogation Waiver : A waiver by the named insured giving up any right of recovery against another party. Normally an insurance policy requires that subrogation (recovery) rights be preserved. In commercial property insurance, a written waiver of subrogation rights is permitted if it is executed before the loss occurs.

Subrogee : Entity (such as an Insurer) which may become subrogated to another's rights. Refer : "Subrogation."

Subrogor : Entity (such as an insured) whose rights against a third party are transferred to a subrogee (such as an Insurer) through either equitable or contractual subrogation. Refer : "Subrogation."

Subscribing : Writing a line on an Insurance or a Reinsurance contract.

Subscription : The amount an underwriter accepts as his liability under an Insurance or a Reinsurance contract.

Subscription Market : A market where a number of underwriters are available to consider and accept insurances offered for subscription by brokers.

Subsidence : Subsidence is strictly a vertical downward movement but has been held to include settlement a lateral movement.

Subsidy : An economic benefit granted by a government to producers of goods or services, often to strengthen their competitive position.

Substandard Risk (Impaired Risk) : A risk with higher than average probability of loss, such as a person with a physical impairment who applies for health insurer or a person with a bad driving record who applies for auto insurance.

Substitution : The replacement of one insurer by another, as where the first ceases to underwrite.

Subterranean Fire : The Fire caused beneath the surface of the earth.

Successive Losses : A principle, applicable to hull Insurance in practice, whereby an indefinite number of partial loss claims can be met during the Policy period, with no aggregate limit and non-reinstatement premium, but subject to the limit of the sum insured by the Policy in respect of any one accident.

Sudden and Unforeseen Damage : The wide form of words used in Engineering Insurance Policies to cover damage to the insured plant from both internal and external causes.

Sudden Death Clause : A clause which automatically terminates the Reinsurance contract if either party becomes insolvent.

Sue and Labour Charges : Refer : "Loss, Sue and Labour Charges."

Sue and Labour Clause : A provision in marine insurance obligating the assured to do things necessary after a loss to prevent further loss and to act in the best interests of the insurer.

Suez Canal Clause : A clause in a Marine Hull policy which provides that grounding in the Suez canal, Panama Canal and other named locations shall not be deemed to be a stranding.

Sufferance bond : A bond given on behalf of the owners of a sufferance wharf as security for the payment of customs duty.

Sufferance Wharf : A wharf where the Custom Authorities allow the loading and discharge of dutiable goods.

Suhana Safar Insurance Policy : The policy is designed to cover the risks of Personal Accident and Loss of or damage to baggage of the insured persons including accompanied family members from the time they leave their declared place of departure, continues through the intended places of travel and terminates on the date of scheduled return declared or on the actual return to the place of departure whichever is earlier. Cover is valid for transit period subject to a maximum of 60 days. The cover can also be issued to people who are going on official tour, etc. The cover includes incidental local travel also. Emergency expenses cover. In addition to the above the insured will be indemnified up to Rs. 1,000 per insured person towards actual emergency incidental expenses necessarily incurred arising out of an accident resulting in a valid claim under PA Section.

Sum Insured : This is the sum expressed in a policy as the amount payable on the occurrence of the event insured against in the case of a benefit policy, or as the maximum of the insurer's liability under a contract of indemnity.

Sums Due Policy: A credit insurance policy covering sums due for services rendered.

Sunrise clause : A clause that provides retroactive cover in respect of losses occurring before the inception of a (re) insurance contract.

Sunset clause : A clause which restricts cover to claims notified during the period from the inception of a (re) insurance contract to a specified date after the expiry of that contract.

Super Tanker : The term super tanker are used for mammoth tankers of 75,000 to 150,000 DWT tons, 150,000 to 300,000 DWT tons and 300,000 DWT tons and over, respectively.

Superseded Surety Ship Rider : Endorsement attached to a new fidelity or surety bond which is taking the place of another expiring or cancelled bond, agreeing to pay losses that would be recoverable under the first bond had the first bond's discovery period not expired. Refer : "Discovery period."

Supplementary Contract : An agreement by the Company to retain the lump-sum payable under an Insurance Policy and to make payments in accordance with the settlement option chosen.

Supplementary Contract : In Marine Insurance the cover granted under the “Sue and Labor Clause” is deemed to be supplementary to the contract of insurance, so that the insured may recover his expenses under the clause even though the insured may have paid a total loss under the main contract. Other cover, such as that given by the Collision clause, is also considered as a supplementary contract.

Supplementary Payments : The provisions I the liability policy that require an insurer to cover defense costs, interest on judgment and costs of court bonds, in addition to payment judgments handed down by the court.

Supplier Default Cover : Credit insurance cover against consequential loss arising from the insolvency of a supplier.

Supply Bond : A guarantee that materials will be delivered and goods produced at the times required to enable a contract to be fulfilled.

Suppression : All actions taken to extinguish a fire, from the time of its discovery.

Supra : Above

Surety : Corporation or individual who guarantees the performance or faithfulness of another.

Surety Bond : Bond guaranteeing that a principal will carry out the contractual obligations the principal has agreed to perform, or alternatively, to compensate the other parties to the contract for losses resulting from the principal's failure to perform. Under many surety bonds, the principal is a contractor, a person seeking a license or permit, or someone involved in a lawsuit in litigation. Refer :"Guarantee Insurance."

Surety Company : An insurance company.

Surety-ship : The means by which one person or entity, the surety, guarantees another entity, the obligee, that a third entity, the principal, will or will not do something. It differs from insurance by being a three party contract, but most sureties today are insurers.

Surety-ship Insurance : Insurance to provide a guarantee of performance or for the financial commitments of the insured. Also known as fidelity guarantee insurance.

Surgical Expense Insurance : Health insurance that provides coverage for various surgical operations.

Surgical Schedule : A list of cash allowances which are payable for various types of surgery with the maximum amounts based upon the severity of the operations.

Surgi-Center : A separate facility (from a hospital) that provides outpatient surgical services.

Surging : Longitudinal motion of a ship on high seas.

Surplus : The amount given off by way of Reinsurance after the direct Insurer has decided upon his retention. Refer : "Reinsurance, Surplus."

Surplus Line : Loss exposure or Insurance on a loss exposure for which there is no coverage available from an Insurer licensed in the jurisdiction where the exposure is located. Insurance must, therefore, be placed with non-admitted Insurers in accordance with surplus or excess lines laws of the country having jurisdiction.

Surplus Reinsurance : Refer : “Reinsurance, Surplus”.

Surplus Release :Refer : “Reinsurance, Surplus Release”.

Surrender : The giving up of an insurance policy by the insured to the insurer before the insurance has run its full course.

Surrender Cost Index : In Bhavishya Arogya (Health Insurance coverage to start from the date of retirement or some other future date) a measure of the cost of a policy, including interest forgone, if the policy is surrendered for its premium paid value at the end of a specified period or due to death of the insured before date of inception of risk insured under the policy.

Surrender Value : Surrender value is the amount payable to the policy holder on his surrendering his right under a policy and terminating the contract of insurance.

Surrounding property : Property belonging to the insured or in his custody or control except for the plant causing the damage or property being lifted.

Survey : (1) An inspection of premises or property proposed for insurance. (2) An inspection of a vessel, aircraft or cargo to ascertain the cause and extent of damage or the condition of insured property.

Surveyor : Surveyor is a professional who possess minimum qualification, experience and other criteria as prescribed by the Authority and is approved and allowed by way of a Licence by the Authority to work as a Surveyor for the class or category. A Surveyor seeking a licence to act as a surveyor shall undergo a period of practical training of not less than 12 months with a Surveyor. The Authority has also prescribed passing an examination on successful completion of the training for the grant of a licence. Where it is the Corporate Surveyors and Loss Assessors all the directors or partners must possess one or more of the qualifications specified. A Surveyor shall investigate, manage, quantify, validate and deal with losses (whether insured or not) arising from any contingency and report thereon, and carry out the work with competence, objectivity and professional integrity. He shall maintain confidentiality and neutrality without jeopardizing the liability of the insurer and claim of the insured. Examine inquire, investigate verify and check upon the causes and circumstances of the loss including extent of loss, nature of ownership and insurable interest. He shall comment on the admissibility of the loss as also observance of warranty conditions under the policy.

Surveyor's Report : (1) In Fire and accident insurance a report of a survey relating to property or liability offered for insurance, made for the information of an insurer. (2) In marine insurance, a report as to the nature and extent of damage to a vessel or cargo for which claim has been made, or the condition of a vessel or its cargo.

Suspension Provision : Insurance Policy clause which temporarily suspends coverage if some specified condition occurs. Coverage is restored if the condition is corrected, for example, some property Insurance policies contain a provision that coverage is suspended "during any substantial increase in hazard which is within the knowledge and control of the insured.

Suspicious : A term used to identify conditions found during the investigation of a fire incident. Used to indicate that the fire's cause has not been determined, and that conditions present indicate that the fire cause is suspect of the fact of intentional burning. All accidental fire causes should be eliminated before this designation is given.

Swaying : Transverse motion of a ship on high seas.

Sweating : There are certain commodities which require special stowage facilities and variations of temperature in badly ventilated holds and can cause condensation and consequent "Sweat damage to goods".

Sympathetic Damage: Damage to cargo by way of taint or the like arising from the proximity of other cargo.

Syndicate : A group of insurers or underwriters who join to insure property that may be of such total value or high hazard that it can be covered more safely or efficiently on a cooperative basis. Also, Refer : "Pool."

System Safety : Approach to accident prevention which involves the detection of deficiencies in system components which have an accident potential.

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200% Accumulation Clause : Insured may choose a sending limit based on his experience and requirement and also take steps to ensure that the maximum value per vessel or any other conveyance is not breached. There are situations beyond the insured's control when the accumulation could exceed the chose limits. For e.g., at any load port awaiting shipment, fi there is a delay in vessel arrival, port strike, etc. there is a possibility of accumulations exceeding the sending limits chosed under the policy. Since these situations are outside insured's control, 200% accumulation clause gives him an added protection. It says that the policy will cover the full amount at risk provided it does not exceed twice the limit chosen per vessel or other carrying conveyance. It also gives a duty on the insured to given notice of this accumulation to the insurer as soon as comes to know about the same.

24th Method : A basis for estimating unearned premium reserve, based on the assumption that annual policies are written even evenly over each month and risk is spread evenly over the year. For example, policies written in the first month of the year are assumed to contribute 1/24th of the month's written premium to the unearned premium reserve at the end of the year.

365th method : A basis for estimating unearned premium reserve, based on the assumption that the risk is spread evenly over the 365 days of a year of cover. For example, where a policy was written 100 days ago, 265/365ths of the premium is taken as being unearned.

3-D Policy (Dishonesty, Destructions and Disappearance) : An insurance contract that covers fidelity loss, loss of money and securities, loss from counterfeiting and depositors' forgery.

T.L.V. : Refer : "Threshold Limit Value".

Table : (1) A tabulation (2) A compact scheme of numerical information

Table of Definitive Numbers : A schedule of underwriters showing their participation in a Lloyd's Policy.

Table of Limits : A table shown in a hull surplus treaty working setting out the retention and limit for each category.

Tabular : Of or pertaining to a table. Tabular cost is the cost of claims according to the valuations tables and assumptions used by the insurer.

Tabular Plan : A retrospective rating plan, which uses tables to furnish the various values for the rating formula.

Tail (Coverage) : The term is used to describe both the exposure that exists after expiration of a policy and the coverage that may be purchased to cover that exposure. On "Occurrence" forms a claims tail may extend for years, after policy expiration, and the losses may be covered. On "Claims Made" forms tail coverage may be purchased to extend the period for reporting covered claims beyond the policy period.

Taint Damage : Damage to Cargo through stowage in close proximity to other cargo which affects it adversely.

Take Down : Making an entry for accounting purposes in relation to a premium or claim.

Tally Sheet :: List of cargo, incoming and outgoing, checked by Tally clerk on dock.

Tamilnadu (India) Chief Ministers Comprehensive Health Insurance Scheme : The scheme is launched to ensure access of quality medical care to the marginalized families of Tamilnadu and coves as many as 946 procedures that includes 23 diagnostic procedures and 130 follow up packages. The scheme covers Rs. 1 lac per family floater (for certain specified procedure it can be Rs. 1.5 lacs). The scheme provides for treatment only through listed hospitals for both medical and surgical interventions.

Tangible Property : Property that, by its nature, is susceptible to the sense. Generally, land, fixed improvements, furnishings, merchandise, cash and other items of capital used in carrying on an enterprise.

Tare Weight : The weight of the container and/or packing materials only 0 excluding the weight of the goods inside the container.

Target Risks : (i) Policy-holders or prospects for Insurance, whose business developers large premiums are considered targets for competing Insurance Agents and brokers. (ii) Large, hazardous exposure on which Insurance is difficult to place. (iii) Large exposure that is considered desirable from an Underwriting stand point by competing insured. (iv) Certain high value bridges, tunnels and fine art collections that are excluded from automatic Reinsurance to release the Reinsurer from potentially heavy accumulations of liability on any one exposure.

Tariff : A general term for any obligatory listing of rates, terms conditions and exclusions etc for any particular or all classes of insurance business. An obligatory and binding schedule of premium rates, terms and conditions created and published by the Tariff Advisory Committee or Regulator.

Tariff Advisory Committee: **Tariff Advisory Committee** is now designated by IRDA as the data repository for the non-life insurance industry . The transaction level data on Motor, Health and other lines are being collected for the Repository presently. Since de-tariffing has come into force, Tariff Advisory Committee (TAC) will also keep a track of any deviation or disparity in the market behaviour and inform IRDA about it. TAC was brought into existence so as to calculate premiums for general insurance companies. With the recent change, the scope of TAC will also transform. It will now pay heed to the public grievances on non-availability of insurance and will get these problems solved through the insurers. Considering the years of experience it has, TAC is best suited and recommended for this new task. Besides, IRDA wants TAC to handle training programmes for underwriters at the market level. Collecting data on premiums, analysing them and distributing results to all insurers will be added work for TAC. Considering the new work allotted, it is likely to be called as Technical Advisory Committee.

Tariff rate : A premium rate established and published by Tariff Advisory Committee or Regulator. In India the rates and conditions imposed by the IRDAI are obligatory. Where an Insurer is guilty of breach of any rate, term or condition fixed by the Regulator he will be deemed to have contravened the provisions of the Insurance Act.

Tariff Rating : The method of calculating a rate for a given category of risk by the Regulator.

Tasar Silk Insurance : The Insurance covers total loss of Tasar silk worm reared in 1st, 2nd & 3rd crops and are covered against the risks like forest Fire, flood, cyclone,

hurricane, storm, tempest, cold wave, torrential rain, hail storms and such other natural calamities including all calamities vagaries.

Tax : To assess or determine judiciously the amount of levy for the support of certain government functions for public purposes. Also, a charge or burden usually pecuniary, laid upon persons or property for public purposes; a forced contribution of wealth to meet and public needs of a government.

Tax Basis : For tax purposes, this is money which has yet to be taxed.

Tax Clause :A clause in an insurance policy which provides that in the event of a return of premium becoming due any tax allowed for by the insurer on the original premium shall be deducted from the return.

Tax Payer : One who pays taxes.

Taxying, Aviation Term : Taxying shall be deemed to include all movement of the aircraft under its own power other than for the purpose of flight. Taxying shall not be deemed to cease merely by reason of the temporary halting of the aircraft in the course of taxying from one point to another.

Tea From the Gardens in North-East India Transit Insurance : Green tea leaves from the time that are plucked from garden, carried to the plant, their storage, processing, packing, despatch from the plant to the auction center and thereafter to various places in India and/or export to various countries is covered under the Policy. The cover may be extended to include 'hail' damage risks.

Tea Plantation Insurance : Indemnifies the insured the plantation input cost for total loss or death of tea plants / Bush when loss occurs due to insured perils which are fire including forest fire and bush fire, lightning, storm, hail storm, cyclone, typhoon, tempest, hurricane, tornado, impact damage (including wild animal), earthquake, flood and inundation, riot and strike, acts of terrorism, unseasonal rains and frost. Pest and diseases may also be covered with additional premium. The indemnity payable is the sum arrived at after applying the percentage of loss of plants to the amount of cost of inputs at which the insured perils causing the loss of plants operates, subject to franchise and excess or both. Exclusion similar to Plantation Insurance.

Technical Account : The technical account is made up of : earned premiums les incurred claims (both adjusted for reinsurance as appropriate) less expenses (with an allowance for deferred acquisition costs as appropriate), plus any change in the statutory equalization reserves (as appropriate). Some of the investment income earned may be included in the technical account, it may all be included in the non-technical account.

Technical Profit : Profit on underwriting calculated without allowance for interest on insurer's funds.

Technical Provision : Amount set aside on the balance sheet to meet liabilities arising out of insurance contracts, including claim provision (whether reported or not),provision for unearned premiums, provision for unexpired risks.

Technical Reserves : The accounting entries in the balance sheet which represent the insurer's liabilities from the business which has been written. For example, UPR, URR, outstanding claims reserve, equalization reserve, etc. Also, Refer : "Policyholders funds."

Technique for Human Error Prediction (T.H.E.R.P.) : Quantitative evaluation of the contribution of human error to product defects or to a product's failure to perform its intended functions, THERP is often combined with failure mode and effect and fault tree methods to identify failures by the human components in a system. Refer : "System Safety" and "Fault tree analysis".

Tele-Marketing Distribution / Marketing Channel of Insurance : Refer : "Distance Marketing of Insurance Products."

Television Insurance : The Policy covers accidental external damage and/or damage to television apparatus by Fire, short-circuiting, flood, hurricane, bursting and overflowing of water tanks, theft, riot, strike, terrorism, earthquake, Fire and shock. The Policy also covers legal liability towards third parties as also loss of or damage to the property belonging to or in the custody of the insured by breakage or collapse of the aerial fittings or mast of the apparatus.

Temperature Controlled Cargo : Any cargo requiring carriage under controlled temperature.

Tempest : A violent on rush or strong of wind, frequently accompanied by rain, snow or hail.

Temporary Disablement : Inability to follow one's occupation in whole or in part for a limited period, for which benefits may be payable under a Personal accident insurance.

Temporary Importation Bond : A bond to secure the payment of duty on goods that have been temporarily imported if for any reason they are not exported again.

Temporary Partial Disability : Refer : "Disability, Temporary Partial."

Temporary Removal of Stocks Clause under Add On Peril under Standard Fire and Special Perils Policy : The stock insured not exceeding 10% of the total sum insured of insured stock is covered while temporarily removed to any other premises for purposes of fabrication or processing or finishing or other similar purposes.

Temporary Total Disability : Refer : "Disability. Temporary Total."

Temporary Total Disablement Benefits : Benefits payable under a Personal Accident Policy for temporary total disablement. Usually, these benefits are paid at a certain percentage of sum insured not exceeding a rupee limit on weekly basis for the period of temporary total disablement subject to maximum period as mentioned in the policy also subject to maximum the limit of capital sum insured.

Tenancy : A holding or mode of holding, in a state of tenure, temporary possession of that which belongs to another. The period of a tenant's occupancy; an estate less than freehand, a holding of real estate under a lease, either written or oral.

- **Tenancy in Common** : Form of estate held by two or more persons, each of whom is considered as being possessed of the whole of and undivided part.
- **Tenancy of Sufferance** : One who holds or possesses real estate by any kind of title, either in fee, for life, for years or at will. In a more limited and popular sense, a tenant is one who has the temporary use of real estate which belongs to another.

Tenant : One who holds or possesses real estate by any kind of title, either in fee, for life, for years or at will. In a more limited and popular sense, a tenant is one who has the temporary use of real estate which belongs to another.

Tenants Liability : Cover for damage to rented buildings.

Tenants Policy : Householders policy which is covers Tenants property and other insurance requirements.

Tender Clause : A clause in a Marine Hull Policy which provides for immediate notification of accident and gives the insurers various rights in connection with repairs, including one to take tenders for repairs.

Tender Offer Defense Expenses Insurance : Insurance designed to reimburse a publicly held corporation for defense expenses in resisting takeover attempts.

Term : The period of time for which an Insurance Policy or a lease is issued.

Term Assurance : A simple form of life assurance whereby in return for a premium an Insurer agrees to pay a fixed sum if the proposer should die within a stated period. No benefit is payable if the proposer survives the period. Under a decreasing term assurance, the benefit payable decreases from year to year.

Term Loan : A loan by Insurance companies or banks for a period generally in excess of five years. The loan is made to business institutions and typically has an agreement on the part of the debtor to restrict his performance to an area circumscribed by various ratios.

Term of Credit : The period of time allowed to a broker for the payment of premium to the underwriter. Basically, this is five months after the inception of risk, but may be reduced or extended for certain types of risk.

Term of Policy : The period for which the Policy runs. This is usually the period for which a premium has been paid in advance. In some instances it may be for a year, or longer (engineering policies on erection risks for example).

Term of Treaty: The period covered by a treaty Reinsurance contract.

Term Rate : The price per cent or per mille (per Rs. 100 or per Rs. 1000) of insured value for Insurance lasting a year to longer. Short term rates are usually higher than the proportionate annual term rates.

Term Rule : The various formulae for computing the application of a rate where the period of the Policy is under or over one year. Short term rate will be usually higher than the proportionate annual term rates. In contrast long term rate would be less than the proportionate annual term rates. This is because of increased or deduced overhead costs.

Terminally Ill : A term which refers to the status of a person who will normally die within 6 months of a specific illness or sickness.

Termination of Adventure Clause : A clause in a cargo policy which continues the cover the adventure is terminated short of destination in circumstances beyond the insured's control.

Termination of Adventure : Under a Marine Time Policy, the time when the insurance expires. Under a Marine Voyage Policy the time the vessel arrives at destination. Under a Marine Cargo Policy the time when the insurer's liability cease because the goods have arrived at their destination or the cover is cut short by the terms of the policy.

Termination of Transit Clause (Terrorism) JC 2009/056 : This is a paramount clause and shall override anything contained in this insurance inconsistent therewith. The risk of terrorism is covered under a marine cargo insurance but only when the goods are in the ordinary course of transit i.e., outside the control of the Assured and as per respective transit clause in the relevant contract of insurance. If manuscript wordings are used, coverage for terrorism would cease when the first of the eventualities listed in clause shall occur. If, in a multi-transit policy coverage is extended for a further transit after storage, cover for terrorism would re-attach once the extended transit begins but during the storage period, no cover against terrorism would be available.

Territorial Limits : The geographical limits within which an insurance is stated to operate.

Terrorism: The use of violence for political ends and includes any use of violence for the purpose of putting the public in fear.

Testamentary Trust : A trust set up through a will.

Testing Exclusion : In boiler and machinery insurance, a provision that excludes coverage for any object while it is being tested.

Theatrical Floater : Inland marine coverage for theatrical properties, costumes and scenery, against lost or damage other than wear and tear.

Theft : Auto Insurance : Theft claims (a) opportunistic theft generally represented by cars recovered relatively intact or with impact damage (b) non genuine or fraudulent theft claims represented by those vehicles recovered burnt out, submerged, certain impact damage and some unrecovered vehicles burnt accompanied by other factors. (c) Professional theft represented by cars recovered stripped or not recovered at all.

Theft : Auto Insurance, Recovery : A theft recovery vehicle is any vehicle that has been stolen from its owners no matter what happens to the vehicle once it has been stolen. The vehicle could be involved in an accident, stripped for parts, be sold overseas, or found in mint condition, but it will still be considered a theft recovery vehicle. Upon recovery the insurer auctions off the recovered vehicle to recover as much of their money as they can.

Theft :Usually the unlawful taking of property of another; the term includes such crimes as burglary, larceny and robber. According to Sec. 378 of Indian Penal Code, "Anybody intending to take dishonestly any moveable property out of the possession of any person without consent of that person or of any person having, for the purpose, authority, takes and carries away that property is said to commit theft".

Theft, Disappearance and Destruction Coverage Policy : A commercial crime coverage policy covering money and securities against the causes of loss described in its title.

Theory of Probability : The mathematical principle upon which insurance is based.

Therapeutic Alternatives : Alternate drug products which may be different in chemical content, but provide the same effect when administered to patients.

Therapeutic Equivalence : Different drugs which will control a symptom or illness exactly the same as other drugs used to control that illness.

THERP : Refer : "Technique for Human Error Prediction."

Thieves : Under Marine Insurance the term "thieves" does not cover clandestine theft, or a theft committed by any one of the ship's company, whether crew or passengers. Pilferage must be expressly covered if cover is required.

Third Freedom Right : Where cargo is carried by an airline, from the country in which it is based to a foreign country.

Third Party : A person who is not a party to a contract. Someone other than the insured and insurance company. As used in Aviation Insurance the term does not include passengers in the Insured's own aircraft.

Third Party Administrator : (TPA) : A firm or institution which provides administrative services for insurers and other associations having health insurance policies. The TPA in addition to being the liaison between the insurer and the insured is also involved with certifying eligibility, preparing reports and processing claims. TPA offers such services at a cost. Only a company with a share capital and registered under the Companies Act 1956 can function as a TPA whose primary object shall be to carry on business in India as a TPA in the health services and on being licensed by the Authority the Company for the purpose. The minimum paid up capital in equity shares amounting to Rs. 1 crore. At least one of the Directors shall be a qualified Medical Doctor. The aggregate holdings of equity shares by a foreign company shall not at any time exceed 26% of the paid up equity capital.

Third Party Beneficiary : A person who is not a party to a contract but who has legally enforceable rights under the contract as for example a mortgagee.

Third Party Claim : A demand made by a person against a policyholders and any payment that will be made by that Company.

Third Party Cover(Third Party Insurance) : Insurance cover providing compensation for injury to third parties and/or damage to their property. Generally a synonym for liability Insurance. Liability Insurance always involves three parties, the harmed, the Insurer and the insured charged with causing that harm.

Third Party Liability : Liability incurred by the insured to another party but excluding contractual liability.

Third Party Only Policy : In Motor insurance a policy with cover limited to the insured's liability for accidental death / injury to or damage to the property of, third parties.

Third Party Payor : This refers to TPA who as insurer's representative is the payor for coverage provided by health insurance policies.

Third Party Sharing Agreements : Agreements between liability insurers that when their respective policyholders are involved in an occurrence giving rise to a third party claim, any settlement will be shared between the insurers without apportionment of blameworthiness.

Three-Fourths Value Clause : A clause stating that the maximum loss the insurer will pay is three-fourths of the actual cash value of the property. It is rarely used today.

Three-year accounting : A form of funded accounting.

Threshold : (i) In no-fault Insurance, the minimum extent of injury which a claimant must suffer before being entitled to being a tort suit against a wrongdoer causing the injury. If the injury does not exceed the threshold, the injured claimant can receive only no-fault (or other first-party Insurance) benefits. (ii) In physiology, the minimum

stimulus to which the body responds or is consciously aware. Physiological thresholds can be described as either absolute or relative.

- **Absolute Threshold** : Minimum amount of stimulus energy to which a sense can respond.
- **Relative Threshold** : Minimum difference in stimulus that a sense can recognize.

Threshold Limit Value (T.L.V.) : Maximum airborne concentration of a harmful substance to which it is believed nearly all workers may be repeatedly exposed, day after day, without adverse effect. Air at such a value may be breathed continually for eight hours per day without harm. Because of wide variations in individual susceptibility, exposure of an occasional individual to or even below, the TLV may not prevent discomfort, aggravation of a pre-existing condition, or occupational illness.

Ticket Policy : An accidental Death and Dismemberment and Disability Benefit policy issued with a common carrier ticket and limit to the risks or travel and the duration of the trip for which the ticket has been purchased. The name is derived from the fact that it was originally issued in the form of an extra stub on a travel ticket. It is of very old standing. It goes back to the beginning of personal accident Insurance. The insurance can be built in as a part of the ticket issued by transporter. Or a ticket giving cover for railway accident could be bought at a railway station booking office with one's railway ticket. Similarly, there are airport slot machines from which Insurance coupons could be bought before one takes off on a flight.

Tickler : A reminder system used to call an individual’s attention to actions that must be taken at a future point in time.

Tied Representative (Tied Channel of Distribution of Insurance) : Comprises of individuals who in addition to representing one life insurer and one non-life insurer can also represent one standalone health insurer. In addition, the same individual agent can also be associated with two specialized insurers viz., Agriculture Insurance Company of India (for selling crop insurance) and Export Credit Guarantee Corporation of India.

Timber Trade Clauses : Separate types of covers are available in respect of timber (i) stowed on deck and (ii) whilst not stowed on deck, respectively. Risks covered for timber stowed on deck is similar to the cover afforded under ICC (B) except that theft and non-delivery and malicious acts are also covered under the timber clauses. Amongst some risks that are not covered are earthquakes, volcanic eruption or lightning and overturning and derailment of land conveyance. Timber whilst not stowed on deck is covered against all risk of loss or damage except risks expressly excluded. Insurance attaches after loading on land and/or water conveyances or their floating at the mill, warehouse, factory, yard or premises whosoever, from which the dispatch of the overseas vessel made, continues during journey and transshipments and terminates as per provisions of ICC – A. Each B/L to be deemed a separate insurance.

Timber Trade Federation Clause : Refer : "Marine Insurance'

Time and Distance Reinsurance : Refer : “Reinsurance, Time and Distance”.

Time Element :A draft that matures in a certain number of days, either from acceptance or date of the draft.

Time Element Insurance : Insurance covering loss of revenue or the incurring of extra expenses as a result of damage or destruction by an insured peril. the amount of the insured loss depends on the length of time required to resume normal operations

after the property damage and the amount of revenue lost and extra expenses incurred during this time.

Time Excess : A period immediately following an insured event in respect of which period the insured must bear his own loss.

Time Limit : The period of time within which notice of claim or proof of loss must be filed.

Time Limit on Certain Defenses, Health : One of the uniform provision which sets a limit on the number of years after a health insurance policy has been in force continuously that an insurer can use as a defense against a claim the fact that a physical condition of the insured existed before the policy was issued, but was not declared at that time.

Time On Risk : A period during which insurance applied used for the calculation of premium when for some reasons the insurance has been discontinued.

Time Policy : Ocean marine Policy covering the insured's interests in voyages which begin during the Policy period. A time Policy, appropriate for a shipper of many cargoes or the owner of several vessels, does not cover losses to voyages which were underway whey the Policy period began, but, as long as the voyage began during the Policy period, it covers losses in voyages which conclude after the Policy period ends.

Time-Weighted Average : (T.W.A.) : Measure of the concentration of a potentially harmful airborne chemical or physical Agent during a specified interval, such as an eight-hour workday. During this interval, the concentration of a specified substance is measured continuously (or very frequently) so that the intensity and duration of each level of exposure can be determined. The time-weighted average exposure is computed by multiplying each observed level of exposure by its duration, adding the resulting products, and dividing by the total duration.

Title : The means whereby the owner of lands has the legal possession of his party. It also refers to the instruments which prove evidence of his right.

Title Deed : The successive deeds upon which title rests. The owner of the land is properly entitled to these instruments which go with the land.

Title Guarantee Bond : Under the Policy an agreement binds the Insurer to indemnify the insured for such losses as specifically delineated by reason of defects in the title real estate providing there are no exceptions listed on guarantee.

Title Insurance : contract which indemnifies the owner or mortgagee of real estate against specified types of losses arising from defects in legal title to the property, liens, or encumbrances not specified in the title Insurance Policy, which the title Insurer issues only after an extensive search of real property and other legal records to find such flaws.

Title Passing : The passing of the title to exported goods is determined in large measure by the selling terms. For example, if an exporter sells goods c.i.f. he may be presumed to pass ownership and tender of documents. However, he may ship on a bill of lading drawn to his own order, to prevent the buyer from gaining possession of the goods until the draft is paid or accepted. In this case he retains a security title to the goods, that is, a title for securing purposes only, until the financial arrangement is carried out. Caution depending on the laws of the buyer's country one may not be able for force passage of title without payment having been received or the buyer having

accepted delivery of the goods or a clear understanding by the buyer being understood and accepted.

Tobacco Sales Warehouses Coverage Insurance : A commercial property coverage used to insure tobacco warehouse operations. Tobacco is covered only while in the warehouse, and only for a limited period before, during, and after the regular auction season.

Tokyo Convention, 1963 : This Convention deals with offences and certain other acts including unlawful seizure of aircraft, committed on board the aircraft. The Indian Parliament passed the Act to give effect to this Tokyo Convention, 1963. The Act provides for application of Indian criminal Law to aircraft as follows : "Any act or omission taking place on board an Indian registered aircraft while in flight elsewhere, which if taking place in India, would constitute an offence under any law in force in India, shall constitute that offence." .

Ton : Freight rates for liner cargo generally are quoted on the basis of a certain rate per ton, depending on the nature of the commodity. This ton, however, may be weigh ton or a measurement ton.

Ton-Deadweight : Indicates the carrying capacity of the ship in terms of the weight in tons of the cargo, fuel, provisions and passengers which a vessel can carry.

Ton-Displacement : The weight of the volume of water which the fully loaded ship displaces.

Ton-Kilometer : Measure of airline freight capacity

Tonnage, Dead Weight : (D.W.T.) : It expresses the number of tons (of 2,240 pounds) of stores, fuel and cargo that a ship can transport. It is the difference between the number of tons of water a ship displace "Light" and the number of tons it displaces when submerged to her load-line. Ship building industry usually employs this method of tonnage measurement. In countries where metric system is prevalent it refers to tones as well.

Tonnage, **Gross Registered (G.R.T.)** : It applies to the vessels and not to cargo. It is the weight of the volume occupied by the closed in-space of ship taking 100 cubic feet of such closed-in spaces as equivalent to one vessel ton. It is employed for statistical purpose when comparing ship-sizes and issued as a basis for pilotage and Dry Dock and also sometime for quay (for wharfage) dues.

Tonnage, **Net Registered (N.R.T.) :** It refers to the earnings space capacity of a ship. It expresses the ship space available for the storage of cargo and accommodation of passengers. It is obtained by deducting from GRT the space (taking 100 cubic ft = 1 ton) occupied by stores, fuel, machinery, crew members etc. which does not represent the earning capacity of ship.

Tonnage, **Scale Ton / Freight Ton** : It refers to the unit of measurement of cargo, and is expressed as either a weight or measurement. The weight ton in the USA is the short ton of 2,000 pounds or 40 cu.ft. In the British countries the long ton of 2,240 pounds or 40 cu. ft., and under the metric system in India the metric ton 1,000 kg cu. metric.

Ton-Registered : Indicates the cubical contents or burden of a vessel in tons of 100 cubic feet. The space within a vessel in units of 100 cubic feet.

Tornado : A rotating column of whirling wind over land, usually accompanied by a funnel shaped downward extension of calumnious cloud and having a vortex several hundred yards in diameter whistling destructively at speeds of upto 300 miles per hour, usually very violent and destructive in a narrow path, often for miles

Tort : A civil wrong arising out of a breach of some duty which leads to a civil cause of action and for which damages or compensation are recoverable. The Law of Tort imposes a duty on each person to so regulate his actions and behavior as not to cause injury to other persons or damage to their property. The elements of a tort are (i) a legally protected right (ii) the wrongful invasion of that right and (iii) damages as a proximate or direct result of that invasion. There are two basic types of torts. First are those torts, which involve injury to the person and the other are those torts that cause injury to property. The following represent torts that cause injury to the person:

- **Assault** : It is unlawfully touching or perpetrating bodily harm to a person by another.
- **Battery** : This tort is often used in conjunction with Assault and means the actual physical striking of another.
- **Invasion of Privacy** : This occurs when an individual's privacy is either obstructed or invaded by another party.
- **Defamation of Character** : It can occur either through the written word (libel) or the spoken word (standard).
- **False Arrest** : This usually takes place when an individual is wrongly accused of a crime. For example a person is arrested for shoplifting but is found innocent. The injured party could file a false arrest action against the retailer.
- **Libel** : It is publication, writing or broadcast of false statement in a permanent form designed to damage the reputation of another person.
- **Slander** : It is also communication of false information similar to libel but in a verbal form.

Of the five torts that involve injury to the person Assault and Battery cannot be insured and are excluded from liabilities policies. The other three can be insured under Personal Injury Liability coverage.

The following represent torts that cause injury to property :

- **Trespass :** A tort which injures property. However, the act of trespassing must be malicious. An unintentional trespass of another's property is not considered a serious offense.
- **Conversion :** Is taking of property of another as one's own while knowing it does not belong to you. An individual takes a friend's wall clock home to repair it and then rather than returning it places the clock on his own wall. The "repairman" has converted the clock to his own use.

Tort and Contract, Distinction : Contract's is an agreement enforceable at law based upon the consent of the parties thereof. In other words, a contract requires Privity between the parties, whereas in 'tort' not such Privity is needed. In 'tort' the duty that is broken is imposed by the law applicable to the entire society, whereas in a contract this duty arises out of agreement between the parties and applies to definite person or persons.

Tort and Crime, Distinction : A 'tort' is breach of private rights of individuals considered as individuals. A 'crime' is a breach of public right acting the entire society considered as a society. In 'tort' the action is brought by the injured party who is to be compensated by the wrong doer, whereas in crime the prosecution is conducted by the state and the wrongdoer is punished by fine or imprisonment.

Tort and Statutory Law : Liabilities may also arise under statutory law. Statutory law is the law as enacted by the legislature e.g., the Public Liability Insurance Act, 1991, The Motor Vehicles Act, The Employee's Compensation (Amendment) Act, 2009 etc.

- **Tort, Unintentional** : Involving the failure to act or acting not as a reasonably prudent person would have acted under similar circumstances.
- **Tort, Wrongs** : for which a business may be held absolutely or strictly responsible. Intent or fault is not an issue under absolute or strict liability.
- **Tort Intentional** : Involving conduct that may be by intention or design (but not necessarily with the intention that the resulting consequences should occur)

Tortfeasor : Person who commits a tort.

Total Admitted Assets : The item is the sum of all admitted assets, and are valued in accordance with IRDA laws and regulations, as reported by the company in its financial statement filed with IRDA. This item is reported net as to encumbrances on real estate (the amount of any encumbrances on real estate is deducted from the value of the real estate) and net as to amount recoverable from reinsurers (which are deducted from the corresponding liabilities for unpaid losses and unearned premiums.

Total Disability : Disability which prevents the insured from performing any duty of his usual occupation or from performing any occupation for remuneration. The actual precise definition depends on the wording of the Policy.

Total Loss : Total loss may be either actual or constructive. There is an actual total loss when the subject-matter insured is destroyed or so damaged as to cease to be a thing of the kind insured, or when the insured is irretrievably deprived of it. total loss is complete destroying or running of the property insured. In contrast constructive total loss is substantial, but less than physically complete, damage to property such that, if the property were to be repaired, the cost of repair would exceed the value of the property after repair.

Total Loss of Part : A Marine cargo policy may provide that a loss of a whole package in loading or discharge or the loss of a whole craft load shall be treated as a total loss of that part of the cargo and hence will not be subject to a franchise.

Total Loss of Vessel : A Marine insurance policy on disbursements and the like may provide that the insurers shall pay only if the vessel is a total loss.

Total Loss Only : A term used in Marine Hull Insurance and reinsurance limiting cover to payment for a total loss. A clause is likely to define whether the cover is to include arranged or compromised total losses and whether sue and labor charges and salvage charges are recoverable.

Total-loss Only Insurance (T.L.O.) : Property Insurance , most often used for ocean marine exposures, under which the Insurer pays only if a total loss occurs, and then for the full amount of the applicable Insurance. Thus, under a total-loss only Policy, the insured retains, or otherwise finances all partial losses.

Tourist Floater : A policy covering the baggage and personal effects of travellers.

TOVALOP : Tankers Owners' Voluntary Agreement Concerning Liability for Oil Pollution : An agreement by most tanker owners that subject to a limit of liability, they will

remove persistent oil discharge by their tanker and will reimburse any government for expense in cleaning up oil pollution resulting from the tanker owner's negligence.

Tow and Assist Clause : A clause in a Marine Insurance Hull policy under which the insured warrants that the ship shall not be towed except where towing is customary or the ship is in need of assistance and that the ship shall not undertake towage or salvage services under a previously arranged contract.

Towing Charges : The expenses incurred for towing a disabled or damaged vehicle or ship/vessel from the place of accident to a garage / repair yard.

Towing Disabled Vehicle, Motor : The Standard Policy permits towing of a disabled vehicle and covers both liability and damage in the process of towing. However, towing should not be carried out for hire or reward. It will also not cover damage to the towed vehicle or property carried on it.

Tracers : Tracer is defined as a person whose business or work is the tracing of the missing property, parcels or persons.

Tracking : A carrier's system of recording movement intervals of shipments from origin to destination.

Trade : A term used to define a geographic area of specific route served by carriers.

Trade Loss : for commodities that are shipped in bulk, loss of that percentage of shipment that is considered normal and is, therefore, excluded from Insurance.

Trade Mark : A distinctive mark or device on or accompanying an article intended for sale to indicate by whom it is made, selected or sold.

Trade Risk : A risk inherent in a trade, such as occasional breakages in a china shop, which insurers do not normally cover.

Trading Warranties : A set of warranties in a Marine Hull Policy dealing mainly with prohibition of a vessel entering specified hazardous areas.

Traffic Conference : Rate fixing machinery operated by IATA.

Trailer : A trailer is any truck-cart, carriage or other vehicle without means of self-propulsion including agricultural implements drawn or hauled by any self-propelled vehicle.

Trailer Caravan Insurance : Insurance of the structure and contents of trailer caravans whether in transit or on a site.

Trailer Interchange Agreement : An agreement whereby one trucker transfer a trailer containing a shipment to a second trucker for continued transportation.

Trailer Interchange Coverage : Coverage for the legal liability of truckers for loss or damage to non-owned trailers and equipment which are in the insured's possession under a written trailer interchange agreement.

Trailers : Any combustible or flammable material used to spread the fire(s) from one point or area to another. Materials chosen, if completely burned, will leave little ash or telltale residue.

Tramp : A tramp is a vessel that does not operate along a definite route on a fixed schedule, bat calls at any port where cargo is available.

Transacting Insurance : The solicitation, inducement, and preliminary negotiations effecting a contract of insurance and the subsequent carrying on of business pertaining to it.

Transfer of Risk : Shifting all or part of a risk to another party. Insurance is the most common method of risk transfer, but other devices such as hold harmless agreements, also transfer risk. One of the four major risk management techniques.

Transfer of Risk : Shifting of the legal responsibility for loss or the financial burden of loss, either through Insurance or non-Insurance transfer. Refer : "Insurance," and "Non Insurance transfer."

- **Transferee :** Organization, person or other entity that receives a transferred exposure.

- **Transferor** : Organization, person or other entity that transfers an exposure to another.

Transferable Letter of Credit: A letter of credit that allows all or a portion of the proceeds to be transferred from the original beneficiary to one or more additional beneficiaries.

Transit Clause : A clause in Marine and Aviation Cargo policies providing that the cover attaches from the departure from the place of storage at a place named in the policy until the cargo arrives at a place of storage at a named destination or at some alternative place.

Transit Policy : Contractual coverage for loss or damage to merchandise while it is being moved.

Transparency : A risk proposed for insurance is said to be transparent when full information about it is available.

Transport Development Council of India : Transport Development Council of the Ministry of Shipping and Transport is actively engaged in suggesting to the State Governments various measures for expansion and modernization of road transport.

Transport Index : The number expressing the maximum radiation level in a package of ULD.

Transportation Expenses : Automobile coverage for transportation expenses incurred by the named insured only in the event of theft of an entire covered auto. Coverage begins after a waiting period and is subject to a daily limit and maximum limit and it applies only when the insured has physical damage coverage for theft.

Transportation Insurance : Insurance against loss of personal property while in the course of transportation. Also called Transportation Floater Insurance.

Transportation Insurance : Usually an open form policy which covers the insured's property in the course of transportation. It can include all modes of transportation, including ocean vessels, required to carry the property from the originating location to the final destination.

Transportation Ticket Policy : An accidental Death and Dismemberment and Disability Benefit policy issued with a common carrier ticket and limit to the risks or travel and

the duration of the trip for which the ticket has been purchased. The name is derived from the fact that it was originally issued in the form of an extra stub on a travel ticket.

Transshipment : The unloading and loading of cargo from one carrier to another during the transit.

Transshipment Bond : A customs bond in respect of goods to be transferred from one ship to another.

Trapping Risks : The risks of a ship or cargo being trapped by war or similar perils.

Traumatic Injury : An injury to a person's physical body caused by an outside source, as distinct from physical disability caused by sickness or disease.

Travel Insurance : A contract that covers loss caused by an accident that occurs while an insured person is traveling.

Treaty : Refer : "Reinsurance, Treaty."

Treaty Wording : : Refer : "Reinsurance, Treaty Wording."

Trend : In business interruption insurance the policy provides that adjustments are to be made in calculating the rate of gross profit and the turnover to allow for the trend of the business.

Trend Factor : The factor applied to rates which allows for such changes as increased cost of medical providers, the cost of new and expensive medical technology etc.

Trespass : Trespass consists of the entry of a person or a thing upon land in the possession of another without permission.

Trespasser : A trespasser is one who unauthorized goes upon the private premises of another without invitation or inducement, express or implied, but purely for his own purposes or convenience and where no mutuality of interest exists between him and the owner or occupant.

Tret : Depreciation or allowance for wear and tear.

Triage : A method of ranking sick or injured people according to the severity of their sickness or injury in order to ensure that medical and nursing staff facilities are used most efficiently.

Tribal, Package Insurance Policy : This is a multi-peril policy covering (i) Hut/Dwelling and contents against perils of fire and allied perils, (ii) Personal Accident based on Gramin Accident Insurance and (iii) Hospitalization only for Tuberculosis, Leprosy and Cancer. Sum Insured as well as premium is basic minimum and Policy is available for Tribes through Government / Panchayat / NGOs only.

Trip Transit Policy : A policy covering a single defined transit from one location to another is called a specific policy or a trip policy.

Truckload : Truckload rates apply where the tariff shows a truckload minimum weight. Charges will be at the truckload minimum weight unless weight is higher.

Trunkey Project : Capital construction projects in which the supplier (contractor) designs and builds the physical plant, trains the local personnel on how to manage and

operate the facility and presents the buyer with a self-sustaining project (all the buyer has to do is "turn the key").

Trust : An arrangement under which a donor transfers property to a trustee who manages and distributes the property in accordance with the terms of a trust agreement for the benefit of a trust beneficiary.

Trust Receipt : Release of merchandise by a bank to a buyer for manufacturing or sales purposes in which the bank retains title to the merchandise.

Trustee : A person appointed to manage the property of another.

Trustee in General Average : Two persons appointed by the ship owner and the cargo owners respectively to be trustees of a general average fund.

Tsunami : A swift sea wave of great height resulting from an earthquake.

Tuition Fee Insurance : cover losses of schools due to interruption that might hinder student enrolment.

Tuition Fees Insurance : An adaption of Business Interruption coverage. It protects a school against the indirect loss of tuition fees that may result from a fire or other peril covered by the policy which closes the school.

Turnkey Insurance : Insurance coverage which includes General Liability for Contractors and Architects Errors and Omissions.

Turnover : The money earned for goods supplied or services rendered in the course of the business at the premises specified in the policy.

Twenty Four Hour Clause : A clause attached to a Marine cargo policy, usually on refrigerated goods, where delay is an insured peril, including the risk of breakdown of machinery. The clause makes claims payable only where the breakdown lasts for 24 hours or more.

Twilight Zone : That section of an area in which a definite downward economic transition is in progress or has taken place. Such zone may involve moral hazard and adverse selection.

Twin Insurance : Insurance may be obtained for a natural event involving the possible birth of twins. It is possible, by early action in course of a pregnancy, to effect an Insurance payable on the occurrence of a multiple birth.

Twisting : Practice of inducing any Policy holder to lapse or cancel a Policy for the purpose of replacing such Policy with another to the determinant of the Policy holder. The practice is considered to be unethical as well as illegal.

Two Conditions of Average : A provision found in Floating Fire Insurances on merchandise in warehouses and the like. The insurance is made subject to average and in addition it is provided that if the property insured is the subject of a more specific insurance that insurance shall be applied first, with the policy bearing the two conditions of average applying only to the uninsured balance.

Typhoon : An intense tropical cyclone occurring in the western pacific or the China Sea. A violent storm or tempest (Toofan) of India.

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U

Uberrimae Fidei : Literally, of the utmost good faith. The basis of all insurance contracts – both parties to the contract are bound to exercise good faith and do so by a full disclosure of all information material to the proposed contract.

ULD : Unit Load Device. Pallet or Container for freight.

Ullage : The natural loss of liquids in cargo.

Ultimate Net Loss : The total sum that the insured or any company as its insurer, or both, become legally obligated to pay either through adjudication or compromise, including among others, legal, medical and investigative costs.

Ultra Vires : Beyond the Powers

Umbrella : Liability Insurance affording high limits of excess coverage for many liability exposures, including those not covered by underlying Insurance. The term "umbrella" is derived from the fact that it is a separate Policy over and above and other basic liability policies the insured may have.

Umbrella Arrangement : An arrangement between a Lloyd's broker and a non-Lloyd's broker whereby business is transacted at Lloyd's by the non-Lloyd's broker using the Lloyd's broker's slips. Also known colloquially as a piggy-back or flag of convenience arrangement.

Umbrella Cover : (1) Cover providing excess limits over the normal limits of liability policies and giving additional excess cover for perils not insured by the primary liability policies. (2) In **Reinsurance,** cover against an accumulation of losses under one or more classes of insurance arising out of a single event.

Umbrella Liability Insurance : A Comprehensive liability policy.

Umpire : In case the insurer and claimant fail to agree on the quantum of loss they appoint one arbitrator each. These two arbitrators select one Umpire. A decision by any two of the three is binding.

Unaffiliated Investments : These investments represent total unaffiliated investments as reported in the exhibit of admitted assets. It is cash, bonds, stocks, mortgages, real estate and accrued interest, excluding investment in affiliates and real estate properties occupied by the company.

Unallocated Benefits : A reimbursement provision, usually for Mediclaim policies and such other hospitalization policies which does not specify how much will be paid for each type of treatment, examination, tests, nursing charges, operation theatre charges, operation theatre charges, dressing, medicines or the like but only sets a maximum which will be paid for all such treatments.

Unallocated Claim (or Loss) Expenses : Expenses of loss adjustment that cannot be charged specifically to any claim. Examples would be Claim Department salaries and office overhead.

Unallocated Loss Adjustment Expenses (ULAE) : Property / casualty expenses incurred in settling and investigating claims not directly assigned to specific claims or group of claims.

Unallocated Loss Adjustment Expenses Reserve : A liability as of a valuation date for Unallocated Loss Adjustment Expenses ULAE to be paid in the future on claims that have been incurred as of such date.

Unauthorized Insurance. A Policy of Insurance written by a Company not licensed by a competent authority of the country in which the Policy has been sold. Insurance with a non-admitted Insurance carrier.

Unbalanced Improvement : An improvement which is not the highest or best use for the site on which it is placed. The moral hazard and adverse selection may result from Insurance of unbalanced risks.

Unberthed Passenger : A passenger of the age of 12 years or upwards for whom no separate accommodation in any cabin, state room or, saloon is reserved and in the computation of passenger, two persons of the age of one year or upward and upper the age of 12 years shall be reckoned as one Unberthed passenger.

Unberthed Passenger Ship : Ship carrying more than thirty Unberthed passengers. Refer 'Unberthed passenger."

Unbundled : When a policy e.g., an Engineering policy provides services as well as insurance, and the insurer is willing to provide the services alone, they are said to be unbundled.

Uncertainty : the doubt in our minds concerning whether we can predict the future.

Uncertainty, Costs Of : The costs to business, families, and society that arise out of concern about potential losses even if they never occur.

Unclean Bill of Lading : A bill containing reservations as to the good order and condition of the goods, or the packaging, or both. Examples, “bags torn,” “drums leaking,” “one case damaged,” “rolls chafed.”

Under Average Risk : A risk that is considered below the normal standard of its class for the purpose of insurance.

Underground Property Damage: Refers to damage to underground property, such as wires, conduits or pipes, sewers, etc., beneath the surface of the ground caused by the use of mechanical equipment for the purpose of grading land, paving, excavating, drilling, burrowing, filling, backfilling or pile driving.

Underinsurance : (i) A condition in which not enough Insurance is carried to cover the value of an exposure, (ii) Condition in which the amount of property Insurance is less than the applicable Coinsurance requirement, Refer : "Coinsurance."

Underinsured Motorist Provision : The coverage that applies when the motorist meets the law requirements for liability insurance but a judgment is in excess of these limits.

Underlying : The amount of insurance or reinsurance on a risk that attaches before the next higher excess layer of insurance or reinsurance attaches.

Underlying Insurance : (1) The original insurance as distinct from an excess insurance. (2) In excess of loss reinsurance the insurance that is below the layer of cover under consideration.

Underlying Premium : A ceding company's premium to which the reinsurance premium rate (factor) is applied to produce the reinsurance premium. In other words, the reinsurance premium is a percentage of the ceding company's premium.

Undervalued Policy : A policy in which the value of the property insured is understated.

Underwriter: (i) The term originated from the practice of merchants of those days who undertook the risks of insurance by subscribing their names and the proportions for which they were responsible underneath and writing the policy of the insurance. They were the insurers and so today, their successors, the members of Lloyd's who subscribe the policies are known as underwriters. This is the most widely understood use of the term. (ii) The establishment of Companies, whether corporate bodies or cooperatives or mutual or Government Companies meant that a company undertook the risk bearing and the indemnification of the insured. In a very real sense, therefore, every insurance company is an Underwriter. (iii) Every insurance company has one or many insurance executives responsible for deciding whether risk proposed shall be accepted and, if so, on what terms. Such officials are usually termed "underwriters", inside the company, e.g., the Health Manager, Fire Underwriter, Marine Underwriter and the like.

Underwriters Adjusting Company : Facility that permits Insurance companies to insure certain risk without using their Company title. One or more Insurance companies may operate through such a department. Also, a department or division of an Insurance Company that handles Underwriting.

Underwriting : The process of selecting risks for insurance and classifying them according to their degrees of insurability so that the appropriate rates may be assigned. The process also includes rejection of those risks that do not qualify.

Underwriting Agency, Company : A Company Underwriting agency accepts business on behalf of its principal, within the limits set down in the agency agreement.

Underwriting Agency, Lloyd's : A Lloyd's Underwriting agency manages the affairs of a Lloyd's syndicate but accepts no liability for the risks written on behalf of the "names" in the syndicate.

Underwriting Expenses Incurred : Expenses, including net commissions, salaries and advertising costs, which are attributable to the production of net premium written.

Underwriting Expenses Ratio : This represents the percentage of a company's net premium written that went toward underwriting expenses such as commission to agents and brokers, state and municipal taxes, salaries, employee benefits and other operating costs. The ratio is computed by dividing underwriting expenses by net premiums written. A company with an underwriting expenses ratio of 31.3% is spending more than 31 rupee of every Rs. 100 of net premium written to pay underwriting costs. It should be noted that different lines of business have intrinsically differing expense ratios.

Underwriting Factors : Factors which an underwriter will take into account in deciding whether or not to accept the risk, and if so, at what rate.

Underwriting Guide : Details the underwriting practices of an insurance company and provide specific guidance as to how underwriters should analyze all of the various types of applicants they might encounter. Also, called an underwriting manual, underwriting guidelines, or manual of underwriting policy.

Underwriting Policy, IRDA : As per IRDA guidelines it is essential for every general insurance company in India to file with IRDA its underwriting policy duly approved by the whole Board of Directors. The underwriting policy shall cover the underwriting philosophy in the matter of underwriting profit expectation and whether ach product shall stand on its own or be cross-subsidized among products sold to one client – it is important that even though a client's total portfolio may be profitable overall on gross basis, the position on net of reinsurance basis can be a loss because different percentages are reinsured in different classes of business. If the insurer want to write any business on a planned underwriting loss basis how the Board will control the effect of the same on solvency margin. Product design, rating, terms and conditions of cover and underwriting activity shall be consistent with the approved underwriting policy. The company has to designate two senior executives who are not directly one above the other in the line of authority to approve the decision. Responsibility for overall compliance vests with the Chief Executive Officer.

Underwriting Profit (or Loss) : Profit (or loss) realized from Insurance operations, as contrasted with that realized from investments.

Underwriting Result : The difference between the premiums earned and the sum of claims and expenses incurred in a given year.

Underwriting Year : The calendar year during which the risk attaches on the original Insurance.

Unearned Premium : That part of the original premium not yet earned by the Insurance Company and therefore due to the Policy-holder if the Policy should be cancelled.

Unearned Premium Insurance : Insurance against loss by the insured of unearned premium due to payment of a claim made prior to the end of the term for which the premium was paid. A loss on the second day of a Policy written for a year would have the effect of being expenses over an eleven month period, during which time the Insurance Company would not be insuring the risks since the risk did not exist any longer and thus it would be unearned.

Unearned Premium Reserve : The fund set aside by an Insurance Company to provide for the payment of unearned premiums on cancelled policies.

Unearned Reinsurance Premium : That part of the reinsurance premium applicable to the unexpired portion of the policy reinsured.

Unemployment Insurance : Insurance that pays an income to qualified individuals who are unemployed, recipients must usually demonstrate their ability, availability and willingness to work as a condition of receiving benefits.

Unenforceable Contract : This is one, which lacks some evidential features. The contract is a valid one otherwise, but could not be enforced in a court of law.

Unexpired Risk Reserves : Funds set aside by Insurers to cover potential liabilities on policies still in force at the end of the accounting year.

Unfair Calling Cover : Insurance against the risk that the principal under an unconditional bond will, without good cause, call on the surety to pay.

Uniform Building Code (UBC) : The building code that is maintained and published by the International Conference of Building Officials. It contains construction specifications and includes provisions for materials, processes and design.

Uniform Fire Code : A fire code published by the International Conference of Building Officials and the Western Fire Chiefs Association.

Uniform Forms : The wording of many policy documents has been agreed upon by most companies and standardized. The same is finalized by the General Insurance Council of India and are called standard or uniform forms.

Uniform Provision : A set of provision, the wording of which is specified by law, which must be included in certain policies issued in a jurisdiction requiring the use of the uniform provisions.

Unilateral Contract : A contract such as an insurance policy in which only one part to the contract, the insurer, makes any enforceable promise. The insured does not make a promise buy pays a premium, which constitutes his part of the consideration.

Uninsurable Risk : An uninsurable risk is one which is literally uninsurable because loss is certain rather than possible.

Uninsured Standing Charges Clause : A provision in a business interruption policy that if any standing charges of a business are uninsured a proportionate reduction for a claim for increased cost of working shall be made in their respect.

Uninsured Working Expenses : Defined in a Business interruption policy as purchases, carriages, packing and freight (other than the insured's own) and wages.

Unitization :The packing of single or multiple consignments into ULDs or pallets.

Universal Health Insurance Scheme (UHIS) : Universal Health Insurance Scheme is basically meant for improving the access of health care to poor families. The scheme provides for reimbursement of medical expenses up to Rs. 30,000/- towards hospitalization floated amongst the entire family, death cover due to an accident @ Rs. 25,000/- to the earning head of the family and compensation due to loss of earning of the earning member @ Rs. 50/- per day up to maximum of 15 days. The Universal Health Insurance Scheme (UHIS) has been redesigned targeting only the BPL families. The premium subsidy has been enhanced from Rs. 100 to Rs. 200 for an individual, Rs. 300 for a family of five and Rs. 400 for a family of seven, without any reduction in benefits.

Universal Postal Union : Organization which negotiates international mail charges.

Unlawful Assembly : Section 141 : An assembly of five or more persons is designated an "unlawful assembly", if the common object of the persons composing that assembly is (i) To overawe by criminal force, or show of criminal force, the central or any State Government or Parliament or the Legislature of any State, or any public servant in the exercise of the lawful power of such public servant, or (ii) To resist the execution of any law, or of any legal process, or (iii) To commit any mischief or criminal trespass, or other offence, or (iv) By means of criminal force, or show of criminal force, to any person to take or obtain possession of any property or to deprive any person of the enjoyment of a right of way, or the use of water or other incorporeal right of which he is in possession or enjoyment, or to enforce any right or supposed right, or (v) By means of criminal force, or show of criminal force, to compel any person to do what he is not legally bound to do, or omit to do what he is legally entitled to do. An assembly which was not unlawful when it assembled, may subsequently become an unlawful assembly.

Unless Caused By : A Marine Cargo insurance may provide that a franchise shall apply unless a loss is caused by the vessel and/or craft being stranded, sunk, on fire, in collision and/or contract with any substance, including ice but excluding water.

Unless General : Term used in a Marine insurance policy to make it clear that the franchise does not apply to general average.

Unoccupied : Description of property in which no one is living although it may be furnished or have furnishings. The standard Fire Policy suspends coverage after continuous un-occupancy beyond a specified period of time.

Unrepaired Damage, Marine Hull : The clause reads :

1. The measure of indemnity in respect of claims for unrepaired damage shall be the reasonable depreciation in the market value of the time this insurance terminates arising from such unrepaired damage, but not exceeding the reasonable cost of repairs.
2. In no case shall the Underwriters be liable for unrepaired damage in the event of a subsequent total loss (whether or not covered under this insurance) sustained during the period covered by this insurance or any extension thereof.
3. The Underwriters shall not be liable in respect of unrepaired damage for more than the insured value at the time this insurance terminates.

Unreported Claims : A reserve, based on estimates, to set up claims that have occurred but have not yet been reported to the insurer as of the time when either the policy has expired or the insurer is preparing its annual statement. Refer : "IBNR – Incurred but not reported."

Unsafe : A term used in schedule rating to describe a condition for which a penalty is applies, and which can usually be corrected. With the removal of the charge and condition there is a reduction of the Insurance rate.

Unvalued Policy : A property insurance policy where the sum insured has not been agreed by the insurer in advance as the actual value of the property. In the event of a loss, therefore, the value is open to discussions with a view to the insured being indemnified against his true loss up to the sum insured.

Urgi-Center : An emergency medical service center which is separate from any other hospital or medical facility.

Use and Occupancy Insurance : A term that was once used to refer to the coverage later known as Business Interruption Insurance and is now called Business Income Coverage or Loss of Profit or Loss of Income coverage. It this sense it is obsolete. It is however sometimes used to refer to such loss of earning in Boiler and Machinery Insurance. It is also used in some contracts which promise to pay on a valued basis, or fixed amount, for each day the insured is deprived of the use or occupancy of described property because of damage caused by a peril insured against.

Usual, Customary and Reasonable (UCR) Charges : In Health Insurance, an approach to benefits under which the policy agrees to pay the "usual, customary and reasonable" charges for a procedure rather than a stipulated money amount.

Utility : The subjective value given by an individual to monetary results; large losses generally cause greater relative loss of utility than small losses for most individuals.

Utilization : How much a covered group uses a particular insurance plan or program.

Utmost Good Faith (Uberrimae fidei) : A legal doctrine in which the highest standard of honesty is imposed upon the parties to an insurance contract.

V

Vacant : Not lived in and void of furnishings.

Valuable Papers and Records : An all risk coverage for physical loss or damage to valuable papers and records of the insured. It includes practically all types of printed documents or records except money.

Valuation : (i) Process of placing monetary value for an item of property, a claim, or some other legal interest (ii) Monetary value of something.

Valuation Charges : Transportation charges assessed shippers who declare a value of goods higher than value of carrier's limits of liability.

Valuation Clause : (i) A clause in a hull Policy which requires that the cost of recovery and repair would be compared, not with the repaired value, but with the insured value to established a constructive total loss. (ii) Valuation clause in a cargo open Policy/cover to set out a formula for the calculation of in a cargo open Policy/cover to set out a formula for the calculation of the insured value of goods where the consignment is declared after loss.

Valuation or Valuing an Owner's Direct Property Loss Exposure : Irrespective of the property is real or personal, several basic measures of value are recognized by valuers, appraisers and other professionals working in this field. For personal property, market value is the preferred method whereas for insurance purpose the preferred ones are New Replacement Cost or New Replacement Cost less Physical Depreciation and Obsolescence.

Valuation Reserve : A reserve against the contingency that the valuation of assets, particularly investments might be higher than what can be actually realized or that a liability may turn out to be greater than the valuation placed on it.

Value, Actual Cash : Flexible valuation standard, most often defined as the current replacement of an item of property minus its accumulated depreciation.

Value, Economic or Use : This method recognizes the value of property depending upon the present value of income it produces. It is used when the property is rented or peculiarly designed and the income or profit position of the firm would be directly affected by its destruction.

Value, Fair Rental : Current price at which an item of real or personal property can be rented for a specified period such as a month or a year under normal market conditions, with neither the lessee nor the lessor being under economic duress.

Value, Market : Current price at which an item of real or personal property can be exchanged between a willing buyer and a willing seller. In case of real estate the market value depends on demand and supply and is established by obtaining offers for purchase. Personal property which is readily available in market can be valued by its purchase price or invoice price from the market.

Value, Original Cost : Original cost is the money paid for acquisition of the property.

Value, Original Cost less Accounting Depreciation : Original cost less accounting depreciation without considering inflation and physical or technical depreciation.

Value, Replacement Cost : Price of purchasing or constructing a new item of property to replace an older, used item of property. Though comparable to the property being replaced, the replacement property may be a newer model, may reflect improved construction techniques, and may be 'new rather than used and 'old'. for any of these reasons, Insurance coverage on a replacement cost basis may be more favorable to an insured than Insurance coverage on an actual cash value basis.

Value, Replacement Cost, New : This is the cost of replacing the property with new property that is not exactly the same but reasonably meets current specifications. The basic problem here is that the business firm would get a new building for an old one. However, the arguments in favour of this method are that (a) The property in its current state is performing its function adequately and new property is the only possible replacement, and (b) Mostly losses are partial and the cost of repairs is not reduced by physical depreciation.

Value, Replacement Cost, New Less Physical Depreciation and Obsolescence : This method subtracts some allowance from new replacement cost, for physical depreciation, economic obsolescence or both. The reasoning behind the concept is that the business will gain if a property is replaced with a new property. The main difficulty is measuring physical depreciation and economic obsolescence. (i) Physical depreciation is the result of age plus wear and tear. (ii) Economic Obsolescence is illustrated by change in fashion or development of new, more efficient machinery. For valuing personal property, one must be careful to include costs for transportation, installation etc.

Value, Reproduction Cost : This is the cost of the reproducing or replacing the existing property exactly at the current prices. This measure may produce an unrealistic value as the materials or methods of construction employed twenty years back may be out-dated.

Value, Tax Appraisal Value : This value is purely for tax purposes and may vary from place to place depending on the local tax levels.

Valued : Relating to an agreement by an insurer to pay a specified amount of money to or on behalf of the insured upon occurrence of a defined loss.

Valued Policy : Property Insurance Policy which provides that a predetermined, fixed amount will be paid for total loss to property. Most fine arts and some inland marine policies are written on this basis.

Valued Policy Law : A State statute that specifies that in the event of a total loss, the insured shall receive in payment the full amount of the policy, regardless of the principle of indemnity.

Vandalism and Malicious Mischief : The willful injury or destruction of property e.g., throwing stones through the window of a home and damaging home furnishing would be vandalism and can be insured against by extending coverage of a Fire Insurance Policy.

Vapor : A substance in its gaseous state, particularly one that is liquid or solid at ordinary temperature.

Variance : The square of the standard deviation.

VAT : (Value Added Tax) : A sales or consumption tax which the end user pays. Typically, this is a "hidden" tax, added to the list price of the goods in question.

VCP / VCR Insurance : Insurance for loss of or damage to these instruments including accessories by Fire, lightning, theft, storm, tempest, overrunning, excessive pressure, short-circuiting, arcing, self-heating or leakage of electricity from whatever cause. The cover is also available for indemnity in the event of third party claims.

Vehicle, Articulated : A motor vehicle to which a semi-trailer is attached
.

Vendee : A person who purchases property.

Vendor : One who sells any kind of property. Refer : "Seller".

Venture : A single undertaking or voyage.

Verbal : When used with reference to a contract, o to evidence, means spoken, not written.
Ves. : Vessel

Vessel / Ship : The ship (or vessel) may be described as a floating box made of steel in such a manner that it can safely travel in water in most weather conditions when carrying her load or empty.

The front end of the ship which facilitates forward movement is called bow and her rear end which may be blunter, rounded or squared off is called the stern. The flat roof over the ship's hull (body) is known as the deck which may have one or more openings called hatches. Below the hatches are holds or cargo spaces. The stern is fitted with the rudder which provides steering control and the propeller or screw which rotates at great speed t drive the ship.

There are two types of Vessels (a) Sea or Ocean-going vessels : Usually have more than 5000 MT Gross Tonnage and are mechanically self-propelled Vessels of Steel Constructions. They are required to be "Classes" with any of the internationally recognized IACS-Member Classification Societies. (b) Sundry or Coastal Vessels are smaller crafts generally of local origin, built of steel, wood or fibre-glass, which is not subject to classification generally. If classes it would be a better risk. Normally used in inland, coastal waters, rivers, lakes or within Port waters.

Vessels Ocean Going, Combination Carriers : (i) OBO (ore/bulk/oil) in 70,000 to 150,000 DWT range (ii) Oil/ore vessels in 150,000 to 250,000 DWT. They are designed so that they can carry bulk dry cargoes as well as oil and thus provide greater flexibility in operation. Some bulk trades are seasonal. Oil shipments are more frequent in winter than in summer. In such circumstances, the combination carrier can switch from one trade to another according to the respective trade requirements and the state of the freight market.

Vessels Ocean Going, Container : Container ships are cargo ships, also known as Cellular vessels, that carry all their load in truck size inter modal containers. Container ship capacity is measured in twenty-foot equivalent units (TEUs). Typical loads are a mix of twenty-foot and forty-foot (FEUs) ISO standard containers. Containerization is now a common means of transport carrying most of sea going non bulk cargo. Feeders are small container ships less than 3000 TEUs and generally operate between smaller container ports.

Vessels Ocean Going, Dry Bulk Carriers : Specially constructed vessels in the size range of a few thousand GT used for coasters to cover 70,000 GT for ocean-going tonnage.

The main bulk cargoes carried are iron and other ores, coal, grain, bauxite and phosphates. Main feature is single weather deck and large holds with wide hatches to facilitate loading and discharge by mechanical mean. The Bulk Carriers come in different sizes – Panamax, Suezmax, Capesize etc.

Vessels Ocean Going, Lighter Aboard Ship (L.A.S.H.) : LASH and Sea Bee vessels are mother ships which carry 'floating containers" in the form of barges up to 1,000 tons displacement. Hoisted abroad such ships by massive cranes or elevators, the barges are transported to an overseas port area when they are lowered into the water and towed to their ultimate destination.

Vessels Ocean Going, Liners : Ships that ply on a regular scheduled service between groups of ports. The ships of a liner Company are common carriers, offering cargo space or passenger accommodation to all shippers and passengers who require them. A Liner Company is generally engaged on trade routes where volume of cargo or passenger traffic is available. **Liner Conference** : An organization whereby a number of ship owners offer services on given sea routes on conditions agreed by the members. A conference line ship is a vessel or a ship belonging to a member of such shipping conference.

Vessels Ocean Going, Tramps : Cargo ships operating in all parts of the world without a fixed route and sailing schedule in search of primarily bulk cargo carried generally in ship loads.

Vessels Ocean Going,, Liquid Bulk Carriers (Tankers) : Tankers are strongly constructed and fitted out to carry bulk liquids (e.g. crude oil). The effect of liquid cargo on the stability of the vessel is considerable. Therefore, tankers have wing tanks on either side of the centre tanks and no double bottom (though, now-a-days providing double bottom is compulsory). The tanks do not extend across and breadth of the tanker as one compartment but have extra strong longitudinal divisions. Includes Gas Carrier and Super Tankers. The term super tanker, VLCC (veer large crude carrier) and ULCC (ultra-larger crude carrier) are used for mammoth tankers of over 1000,000 DWT, 150,000 DWT to 300,000 DWT respectively.

Vessels Ocean Going,, Passenger Vessels : There us cruise vessels or passenger liners which sail on voyages to distant areas of scenically but rocky or shallow coasts or near the icy water of the Arctic and Antarctic. Most of these vessels possess modern navigational systems, for example, satellite navigation, GP system.

Vessels Ocean Going,, Roll on - Roll of (RO-RO) Vessels : A RO-RO Vessels is only having facility for shipping lorries, trailers, cars etc., without need for cranes. An increasing amount of cargo is carried in trucks and trailers which travel Direct from the shippers' premises in the country of origin on the Ro-RO vessels via stern, bow or side doors, and delivered to the consignees' premises at final destination point in the same vehicle. This is the mode of operation for ferries which also carry cars and buses and is also used by long-haul ocean going vessels. When Ro-Ro facility is used, the cargo remains on the same vehicles right from the time it leaves the premises of the shipper till it is delivered at the final destination point, Handling at ports is dispensed with.

Vessels, Sundry Hulls : Coastal Vessels : Vessels other than ocean going vessels are generally referred to as sundry vessels/hulls. Many of the considerations that apply to ocean-going vessels also apply to coastal tonnage but in a limited manner as they do not have to worry about the high stress during heavy weather in open seas.

Vessels, Sundry Hulls, Barges : These are relatively small flat bottomed vessels, generally used in Port waters to carry cargo and passengers.

Vessels, Sundry Hulls, Coasters are generally smaller in size and many are engaged in the carriage of bulk cargoes. India has a long coast-line. So, coastal voyages are often of considerable length.

Vessels, Sundry Hulls, Collier : Generally a coastal ship designed to carry coal.

Vessels, Sundry Hulls, Dredger : Dredger is a craft used to de-silt harbor basins and mouths, river and canal bottoms in order to open and deepen the channels and maintain sufficient draught so as to allow bigger vessels to enter harbor waters and make them navigable.

Vessels, Sundry Hulls, Fishing Boats : Fishing boats are small fishing crafts, mostly wooden built and operate in local coastal waters. They can be non-mechanised such as Vallams and Catamarans or may be mechanized ones of steel construction. In view of their smaller size and limited engine power, their operations are normally restricted to a distance of 20 NM from shore. Vallams and Cattamarans are not permitted to ply beyond 10 NM from shore.

Vessels, Sundry Hulls, Fishing Vessel : A ship fitted with mechanized means of propulsion which is exclusively engaged in sea fishing for profit. Many of the modern day fishing vessels are built of steel and fiberglass (GRP) rapidly phasing out wood made vessels.

Vessels, Sundry Hulls, Launches / Boats : Launches / Boats are open or half decked utility boats, used to carry passenger tourists over short distances.

Vessels, Sundry Hulls, Sailing Vessel : These are country crafts, fitted with sails, propelled by wind power. They were generally wooden built. Now-a-days, mechanized Sailing Vessels are steel built and are used to carry cargo between Indian Ports. They also ply to countries in close proximity such as Sri Lanka. Many also ply to Persian Gulf and some even to East African Ports. Sailing Vessels are invariably single-decked having one or two hatches and carry general cargoes.

Vessels, Sundry Hulls, Tugs : Tugs are looked upon as the "maids of all work" for the merchant fleets and re expected to render services which are many and varied. The basic requirements for the Tugs are stability under all conditions of operation, maneuverability and adequate towing power. Tugs are equipped with sophisticated gadgets and provided with powerful engines.

Vessels, Sundry Hulls, Yacht : This is a type of pleasure craft used by wealthy owners for their private pleasure purpose. These crafts are capable of developing high speeds, usually more than 15 knots.

Vicarious Liability : Various doctrines in the law hold people responsible for the negligent conduct of others. Several examples of this imputed or vicarious liability are:

- **Liability Arising Out of Activities of Agents or Employers** : The most frequent examples of one person being held responsible for the acts of another arises under the doctrine that one person, called the "principal" is held responsible for the tortuous acts of an Agent while such Agent is acting on behalf of the principal.

- **Liability Arising From Activities of Independent Contract, Joint Ventures, or Joint Tort-Feasor :** The contingent liability of a firm or individual for the negligence of persons or firms hired as independent contractors.

- **Assumption or Elimination of Liability by Contract** : Business commonly assumed under a contact liability for losses to others for which they would not be liable except for the contract.

- **Statutory Liability** : The legislatures of several countries have seen fit to impose statutory liability for certain acts of others.

Vice Proper : An inherent characteristic that may cause loss of value.

Violent and Visible Means , Personal Accident" : To construe death or disablement or injury resulting from accident the smallest reasonable degree of violence in occurrence of accident will suffice. "Visible" excludes death by inhalation of gas, unless the escape was due to a fortuitous or unexpected event.

Violent Storm : Wind with a speed ranging from 56 to 82 knots (64 to 72 miles per hour, 104 to 117 kilometers per hour) according to Beaufort scale. On Sea Exceptionally high (37-52 ft) waves, foam patches cover sea, visibility more reduced. Also, refer Storm.

Vis Major : Act of God. This has been defined as an event due to 'natural causes Directly and exclusively without human intervention'. Examples of acts of God are storms, earthquake, lightning etc.

Visa : An invoice properly validated by the Minister of Trade in regard to quota entries.

Vision Care Coverage : A health insurance plan usually tailor made and offered only on a group basis which covers routine eyes examination and which may cover all or part of the cost of eyeglasses and lenses.

Void : An Insurance contract that is prohibited by law and thus cannot be held to be a valid contract.

Void Contract : A contract obtained by fraud is a void contract.

Voidable Contract : (i) A contract which one party can choose not to enforce. (ii) contract of Insurance or Reinsurance in respect of which the underwriter has the right to repudiate liability on the grounds of a breach of good faith by the insured or Reinsured, or in the case of a voyage Policy, where the voyage has not commenced within a reasonable time after the risk was written.

Volenti Non Fit Injuria : To him who is willing there can be no injury. If a person voluntarily consents to a risk, he has no right of action against anyone for injuries suffered as result of his actions.

Volume Weight : Used when calculating air freight when the size of the carton is greater than the average weight calculated by multiplying the length times the width times the height and dividing by 166.

Voluntary Compensation Insurance : A type of Insurance found in some countries by which the Company agrees to pay injured employees who are not subject to the compensation law benefits which they would have received if they were covered. In some countries the compensation law applies only to employees engaged in certain hazardous occupations. Under a voluntary compensation Policy and employee engaged in a non-hazardous occupation could receive the same benefits as are provided by the compensation law.

Voluntary Reserve : An allocation of surplus not required by law. Insurers often accumulate such reserves to strengthen their financial structure.

Voyage Policy : A marine Insurance Policy to cover a specific voyage. Also, a clause I Ocean Marine policies specifying the period of tie of the number of trips that may be grouped together as one voyage.

V-Shaped Pattern : When fire burns upward and outward at an angle against a wall it leaves a pattern in the shape of a wide V. Tracing the V to its lowest point can lead to an area of origin.

W

Wages and Maintenance, Marine Hull : This clause provides that insurance does not pay for wages and maintenance of the Master, Officers and Crew except for (i) General Average (ii) When incurred solely for the necessary removal of the vessel from one port to another for the repair of damages covered by the insurance or for trial trips for such repairs.

Waiting Period : Specified period of time which must elapse after inception of Policy before benefits provided by certain Insurance policies become payable.

Waiver : Renunciation or abandonment of a right, whereby right is lost, extinguished and may be either express o implied. A waiver is an intentional relinquishment of such right. There can be no waiver unless the person against whom the waiver is claimed has full knowledge of his rights and of facts which would enable him to take effectual action for the enforcement of such rights. No one can acquiesce in a wrong while ignorant that it has been committed and the effect of his action will be to confirm it.

Waiver and Estoppel : Doctrines under which the insured may claim with having degrees of success that some action by the Insurer or its Agent caused it to lose the right to deny the claim on the basis of some violation by the insured.

Waiver of Coinsurance : A provision in a Property coverage policy that the coinsurance clause will not apply if the total loss does not exceed a state amount. The reason for such a provision is to eliminate having to do a large inventory in order to determine whether or not the insured has complied with the coinsurance clause, especially where very small losses are involved.

Waiver of Premium : A provision that under certain conditions the Insurance Policy will be kept in full force by the Insurance Company without the payment of premium. It is used quite often as a total and permanent disability benefit and may be available in certain other cases.

Waiver of Restoration Premium : (i) An agreement or decision to forego any premium for reinstatement of the face amount of coverage under an insurance policy after it has been reduced by the amount of a loss payment. (ii) A provision, especially in bonds, for automatic restoration of the full amount of protection without cost to the insured.

Waiver of Subrogation : An insurer has the right of subrogation, however, it may waive that right through this method.

War and Strike Risks Indian Market : All the general insurance companies operating in India are free to underwrite the war risk on marine hulls with effect from January 1 2004 subject to its own rates, terms and conditions further subject to IRDA regulations and guidelines."

War and Strikes Risks, Marine Hull : The War and Strikes in respect of Hull and Machinery and subsidiary interests i.e., Freight, Disbursement/Increased Value and Premium Reducing in respect of Indian Flag vessels are covered under the erstwhile

Government of India War Risks Insurance Scheme. Since 2005, this Scheme is administered by the GIC. War risks on other interests, such as Loss of Hire, Loss of Profits etc., are excluded from this Scheme. They are covered separately. War risks Policy can be issued by both the private and Public Sector Insurance Companies.

War Clause : A clause in an Insurance contract relieving the insured of liability or reducing his liability for loss caused by war.

War Clauses (Air Cargo) (Excluding Sending by Post) 2009 : The cover provided by the Air Cargo War Clauses is almost identical to the cover in Marine Cargo War clauses, although the format is slightly different and the equivalent to the waterborne clause relates to circumstances of air transit as opposed to carriage by water. Exclusions too are similar to Institute Cargo Clauses (Air) with an additional exclusion reading "In no case shall this insurance cover any claim based upon loss of or frustration of the transit or adventure. General average and salvage charges are omitted, as they will not apply to air transit. The duration (Transit) Clause provides that the insurance attracts only as the subject matter insured is loaded on the aircraft, till discharged from aircraft at the final place of discharge or on expiry of 15 days counting from midnight of the day of arrival of the aircraft at the final place of discharge whichever shall first occur.

War Clauses (Cargo) 2009 : This insurance covers loss of or damage to the subject-matter insured caused by (1) war civil war revolution rebellion insurrection, or civil strife arising therefrom, or any hostile act by or against a belligerent power (2) capture seizure arrest restraint or detainment, arising from risks covered under (1) above, and the consequence thereof or any attempt thereat (3) derelict mines torpedoes bombs or other derelict weapons of war. The War Risks Clauses also include the exclusion regarding any claim based on loss of or frustration of the voyage. The period of cover (as before with the 1982 version) is more limited under the War Risks Transit Clause, being from loading on to the oversea vessel until discharge at the final port or place of discharge.

War Risk Areas (WRAs) : These areas are clearly demarcated within each policy, the majority of which refer to those defined by the Joint War Committee (JWC) as "listed areas," though there is no single global authority.

War Risk Insurance : Insurance issued by marine underwriters against war-like operations specifically described in the policy. In former times, war risk insurance was taken out only in times of war, but currently many exporter cover most of their shipments with war risk insurance as a protection against losses from derelict torpedoes and floating mines placed during former wars, and also as a safeguard against unforeseen warlike developments. In United States War risk insurance is written in a separate policy from the ordinary marine insurance.

War Risks : Those perils related to two (or more) belligerents engaged in hostilities, whether or not war has been formally declared.

War Risks Marine Cargo and Hull : In Marine Ocean insurance the possible aggressive actions against a ship and its cargo by a belligerent government. This risk can be insured by a marine policy with a war risk clause. War risk is covered only on water and not on land as enshrined in the Waterborne Agreement. War risk cover incepts only when the subject matter insured or part thereof is loaded on to an overseas vessel. The cover terminates on discharge of the subject matter or part thereof at the final port or place of discharge OR if the vessel arrives at the final place or port of discharge but does not discharge the cargo, then 15 days from the date of arrival of the vessel, whichever is earlier. The cover remain in force during transshipment.

Warehouse and Custom Bond : A bond guaranteeing the payment of custom duties.

Warehouse Receipt : A receipt of commodities deposited in a warehouse, identifying the commodities deposited. It is non-negotiable if permitting delivery only to a specified person or firm, but it is negotiable if made out to the order of a person or firm or to a bearer. Endorsement (without endorsement if made out to bearer) and delivery of a negotiable warehouse receipt service to transfer the property covered by the receipt serves to transfer the property covered by the receipt. Warehouse receipts are common documents in international banking and trade.

Warehouse to Warehouse Clause : Marine cargo clause which provides coverage from the originating warehouse to the terminating warehouse with certain limitations and also subject to the law of insurable interest.

Warehousemen's Legal Liability : Coverage protecting warehousemen from liability claims, common to the business of warehousing, for loss or damage to property in storage.

Warrant : To assure the title to property through the means of an express covenant to that effect in the deed of conveyance stating that the title of a guarantee shall be good and his possession undisturbed.

Warranted Value : A term erroneously used in place of warranted price. Value is always warranted in as much as it is dependent on services or benefits which will or could actually be received by the owner.

Warranty : Statement made on an application for Insurance that the applicant warrants to be true. If untrue in any respect, without the applicant's knowledge, the warranty has been breached and any Insurance relating to that warranty is void, without regard to the materiality of the breach. A statement may be construed as a warranty even though it is not so labeled. However, in most lines of Insurance other than ocean marine, state statutes and court decisions tend to interpret warranties as representations, so that their breach does not void coverage unless the breach materially increased the chance of loss or was consciously concealed by the insured. Under products liability a warranty is a statement or representation, made by the seller of goods, at the time of and as part of the contract of sale, that the product is as represented. It is a statement of fact with regard to the quality or charter of the product.

Warranty Policy : A policy written by a primary and reputable insurer. The term is used in case where additional coverage is needed. The additional policies all state that the primary insurer's warranty policy will stay in force and that they provide coverage exactly like that of the warranty policy.

Warranty, Affirmative : Warranty that something is true when the application for Insurance is made, although not necessarily that it will remain true.

Warranty, Breach of : A breach of a contract condition which may include representation made by the insured that are incorporated into the contract. Under common law an Insurer need not prove either intent or materiality to deny a claim on the basis of a breach of warranty. Statutes have modified that doctrine considerably.

Warranty, Breach of Warranty, Marine Hull : Business demands may compel a ship owner to breach certain warranties in the policy. This clause provides a safeguard to the ship owner in such circumstances, provided due notice is given to the insurers and an appropriate premium is paid. The clause also gives underwriters the right of amending the cover should the breach in their opinion warrant such amendment. The breaches which are "held covered" are warranty as to cargo, trade, locality, towage, salvage services or date of sailing only.

Warranty, Express : Warranty which is explicitly stated.

Warranty, Implied : Warranty which, though not stated in words in an application for Insurance, is assumed to be true, at least as an affirmative warranty. Though rare outside ocean marine Insurance, an implied warranty in property Insurance is that the insured believes the property is not now being destroyed.

Warranty,: Warranty that something is, and will remain, true. for example, in an application for Fire Insurance, an insured may warrant that the property is now and will remain protected by an adequate Firefighting sprinkler system.

Warsaw convention : This convention dealt with the liability of the air carrier in respect of injury to passengers, damage to their baggage and damage to cargo carried. This convention established the principles of presumption of liability against the carrier, fixed the limits of such liability and laid down the defenses available to the carrier as also the circumstances in which the carrier loses the benefit o fixed liability limits. India, which is a signatory to the Convention, gave statutory effect to the provisions of the Convention, by passing the Carriage by Air Act, 1972." Refer : "Carriage by Air Act, 1972".

Watchman Clause : Phase of Insurance contract that provides for lower Insurance rates and premiums on properties protected by a watchman than those not so protected.

Water Damage Insurance Policy : Type of business Insurance coverage protecting against loss due to specified damage caused by water. Contractual protection against damage of loss that results from accidental presence of water where wet is not supposed to be. It is not flood Insurance.

Water damage Legal Liability Insurance : Coverage for an insured who suffers a water damage loss which also damages the property of others on the floor below or in adjoining premises.

Waterborne Agreement : A London market agreement whereby all cargo Insurers undertake not to provide cover against war risks for cargo whilst it is on land except for a limited period in a dock area whilst it awaits loading on to an on-carrying vessel during transshipment.

Wave Damage Insurance : Contractual protection against loss or damage caused by waves and the action of waves.

“While” Clauses : Clauses which suspend coverage “while” certain conditions exist, such as vacancy.

We/Us/Our : These words are used to refer to the insurer in many of the modernized/personalized policy forms recently introduced.

Weather Insurance : The basic purpose of “weather insurance” is to give payouts by estimating the percentage deviation in output due to adverse deviations iin weather conditions. In weather insurance the contingent claims are determined by an objective weather parameter (such as rainfall, temperature, humidity) that is highly correlated with the type and class of production unit. Particularly, related to crop production.

Weavers Health Insurance Scheme : The Government of India introduced a Health Insurance Scheme for Handloom Weavers from the Financial year 2005-06 in collaboration with an insurance company for handloom weavers – all male and

female - and other ancillary handloom workers and their families. Scheme covers persons 01 day to 80 years. The scheme provides cashless facility in the empanelled hospitals. The Director of Handlooms / Director of Industries / In-charge of Handlooms of the State Government is/are entrusted with the responsibility for implementing the scheme in their respective States. The annual limit of the cover is Rs. 15,000 per person/family.

Web Based Aggregators for Distribution / Marketing of Insurance Products : The emergence of aggregators has made it possible for insurance customers to compare products from different insurance companies, along with premium rates, to make their buying decisions. Web Portals like (i) www.myinsuranceclub.com, (ii) www.buysmartpolicy.com, (iii) www.sastapolicy.com, (iv) www.policybachat.com (v) www.policymantra.com, etc. help the customers by compiling the presenting the information on various insurance policies on their portals.

Wedding Present Floater : Contractual Insurance protection of almost all risks for wedding presents for a stated period before and after wedding.

Weekly Benefits (for Personal Accident Insurance) : They are paid for the period of temporary total disablement following an injury which is admissible under the policy.

Weight : (a) Gross : The weight of the goods including packing, wrappers, or containers, internal and external. The total weight as shipped. (b) Net : The weight of the goods themselves without the inclusion of any wrapper (c) Tare : The weight of the packaging or container (d) Weight / Measurement Ton : In many cases, a rate is shown per weight/measurement ton, carrier's option.

Weight Load Factor : Payload achieved as against available, expressed as a percentage. Cargo is frequently limited by volume rather than weight, load factors of 100% are rarely achieved.

Weight, Gross Vehicle Weight, Motor : In respect of any vehicle, the total weight of the vehicle and load certified and registered by the registering authority as permissible for that vehicle.

Weight, Legal : Net weight of goods, plus inside packing.

Wet Lease : An arrangement for renting an aircraft under which the owner provides crews, ground support equipment, fuel and so on (of dry lease).

Wet Marine Insurance : Insurance provided on Ocean Marine forms, covering ships and their cargos.

Wharfage : A charge assessed by a pier or dock owner against the cargo or a steamship company for use of the pier or dock.

Will Ride : Coverage that remains in effect regardless of the geographical location in which a loss occurs.

Willful injury : Refer : "Intentional Injury."

Windstorm : Wind of sufficient violence to be capable of damaging insured property.

Windstorm Insurance Policy : Insurance Policy providing coverage against loss due to windstorm, cyclones, hurricanes and high winds.

Wings, Aircraft : To provide the necessary lift to the aircraft to overcome weight. Wings are the two generally flat plates joined to the fuselage on either side of an aircraft. These wings are attached at an angle to the airflow, they are also somewhat of a concave shape. The result is, that when the aircraft moves forward the air pressure below the wings increases and above the wing decreases and the aircraft is able to climb up.

With Average : Policy that covers both total and partial loss normally used in relation to cargo policies, with particular average subject to memorandum.

With Benefit of Salvage (W.B.S.) : A Policy containing such provision is void at law.

With Particular Average (WPA) : An insurance term meaning that partial loss or damage of goods is insured. Generally must be caused by sea water. Many have a minimum percentage of damage before payment. May be extended to cover loss by theft, pilferage, delivery, leakage and breakage.

Without Prejudice : (i) An ex-gratia settlement made by an underwriter on condition that such action shall not be used as a basis for settling a similar loss in the future. (ii) In all correspondence with the insured relating to a claim, the Insurers incorporates the words "without prejudice" on the top. The effect of these words is that whatever action the Insurers may take in the processing of the claim, they reserve their right to deny liability ultimately if they are legally entitled to do so.

Without Reserve : A term indicating shipper's agent or representative is empowered to make definite decisions and adjustments abroad without approval of the group or individual represented.

Wording : The formal document setting out the terms of an Insurance or a Reinsurance treaty.

Work and Materials Clause : provision in a Fire Insurance Policy that permits the insured to store, process and use material and handle them in the manner customary for his line of business.

Work Program, Reinsurance : Refer : "Reinsurance, Work Program."

Workers' Compensation : The programme created by statute that makes the Employer, regardless of fault, responsible for most job-related injuries and diseases

Workers Compensation Catastrophe Policy : Refer **:** "Reinsurance, Workers Compensation Catastrophe Policy."

Working Cover : Refer : "Reinsurance, Working Cover."

Working Cover : The first layer of an excess of loss treaty.

Working Layer : Refer : "Reinsurance, Working Layer."

Workmen's Compensation Insurance or Employers' liability Insurance : The Policy protects the employers against their legal liability to their employees for payment of compensation arising as a result of death or disablement of the employees arising out of and in the course of employment. This liability may arise under the Workmen's Compensation Act, 1923; the Fatal Accidents Act, 1855 or at Common Law. (1) THE WORKMEN'S COMPENSATION (AMENDMENT) ACT, 2009 is now renamed as THE EMPLOYEE'S COMPENSATION (AMENDMENT) ACT, 2009 and wherever "workman" or "workmen" is mentioned in the entire Act the same needs to be read as

"Employee"...(2) The compensation payable on death from the injury, is (i) minimum of Rs.80000 is increased to Rs.120000 or (ii) 50% of the monthly wages of deceased multiplied by the relevant factor. (3) The compensation payable on Permanent Total Disablement from the injury, is (i) minimum of Rs.90000 is increased to Rs.140000 or (ii) 60% of the monthly wages of deceased multiplied by the relevant factor.

Table 'A' cover : Provides indemnity against legal liability under THE EMPLOYEE'S COMPENSATION (AMENDMENT) ACT, 2009 Act, Fatal Accidents Act and Common Law. This may be issued for only those employees who come within the purview of the definition of 'workmen' under the WC Act.

Table 'B' cover : Provides indemnity against legal liability under the Fatal Accidents Act and Common Law. This may be issued to cover only those employees who are not 'workmen' within the meaning of the term under the WC act.

Worksite Marketing of Insurance Products : Worksite marketing is about approaching a group of clients (could be employees of a particular company or members of a particular group such as a club or an association) for selling of insurance policies, by addressing them in a group or making a presentation to them. This is an innovating channel to distribute insurance products though is still evolving in India. The premium payment could be done by the employer by way of collecting / sharing a portion with employees. The business sources by this channel is individual business and not group insurance. While in group insurance, there is one master policy given to the employer for all the employees, the policies issued in worksite marketing arrangement are individual ones. Worksite marketing is about offering need based solutions to each client. As the various members of a group could be interacted with and addressed in on ego itself the time taken in closing the sale is relative shorter.

Worldwide Coverage : A clause in some policies that provide coverage in any place in the world. Personal accident, jewellery etc, policies may have these clauses.

Worry Method : In risk financing techniques a variation of the expected tangible loss method that Directs the risk manager to select the tool that would minimize the average tangible rupee outlay in the long run plus the value that the risk manager assigns to any worry caused by the short-run uncertainty, if any, that remains. Also refer : "Loss, expected tangible."

Wrap-Up- Coverage : Insurance program designed for large construction projects. Under such programs, the owner procures Insurance to cover the owner, engineers, contractors and subcontractors of any tier performing job site operations, Insurance coverage under wrap-ups usually include those for the property, liability and worker's compensation exposures.

Write : To insure or to sell Insurance.

Written line : The acceptance indicated by an underwriter on the broker's slip. When the item is closed this is replaced by the signed line.

Written Premium : Refer : "Premium, Written Premium."

Written Premiums : The amount of premium for which cover commenced in an accounting period, either net or gross of reinsurance.

Wrongful Abstraction : A term which is used usually in connection with Money and Securities coverage. Insurance covering wrongful abs traction protects against all forms of burglary, robbery and stealing.

X

X.C.L. : Abbreviation for the term "Excess Current Liabilities.

X.C.U. : Refer : "Explosion, Collapse and Underground Exclusion."

X.P. : Fire resistive protected (classification).

X.U. : Fire resistive unprotected (classification).

X-Bracing : Cross bracing in a partition to provide rigidity.

X-Heavy : Extra Heavy

Xs loss: Excess of loss : Refer : "Reinsurance**,** Excess of Loss."

X-Strong : Extra Strong

XX-Heavy : Double Extra Heavy

XX-Strong : Double Extra Strong

Y

Yacht Insurance : Insurance providing Hull coverage and Protection and Indemnity Liability coverage on pleasure boats. It is usually written on an all-risk basis for Hull coverage, although named-perils forms are sometimes used.

Yacht's Fire coverage : A Fire coverage rather than marine risk that is written on a standard Fire Insurance Policy but issued through the marine department of the Insurer, which has an endorsement covering the ship ashore or afloat.

Yacht's, Protection and Indemnity : protection of the yacht owner form liability for loss of life and personal injury and property damage. This protection is in two forms and excludes workmen's compensation claims, which may be covered by obtaining a special endorsement.

Yak /Pony / Mule / Horse / Donkey Insurance : Policy covers indigenous, cross bred and exotic drought and half drought horses, mares, ponies, donkeys, mules and yaks used for carrying weight, cart work, marriage purposes drawing sulkies coaches, vans and utilized for farm work. Horse Insurance (Blood Stock) is not covered. Age group of the animal is 2 to 8 years and coverage and exclusions are as per Cattle insurance.

Yawing : Angular motion about vertical axis of a ship on high seas.

Year of Account : The calendar year in which the original risk attaches.

Yearly Renewable Term Insurance: Tailor-made group Insurance policies as also some Reinsurance policies are frequently written on a yearly renewable term basis. In contrast to the term policies which are written for one-year periods.

Yield : A result or profit, return on investments.

Yield on Invested Assets (IRIS) : Annual net investment income after expenses, divided by the mean of cash and net invested assets. This ratio measures the average return on a company's invested assets. This ratio is before capital gains/losses and income taxes.

York-Antwerp Rules(Y/A) : With a need for introducing international uniformity in the practice of general average adjustment, conference in which ship-owners, merchants, lawyers, average adjusters and Insurers participated were held in Glasgow, London, York, Antwerp, Liverpool and Geneva. Eventually a code of rules which found international acceptance was evolved. This Code is known as the "York-Antwerp Rules, 1890" after the two important conferences held at York and Antwerp.
These rules have since been revised in 1924, 1950 and 1974. The rules were extensively revised at the Stockholm's Conference in 1924 and issued as the York-Antwerp Rules. 1924, as a comprehensive code.

The 1924 Rules comprise seven lettered rules laying down the principles of general average and 23 numbered rules of practice indicating the application of these principles.

The York-Antwerp Rules 1924 were revised in 1950 and are known as the York-Antwerp Rules, 1950. The revisions were intended to effect uniformity of practice and interpretation, which was necessary because different nations used to interpret the rules according to their own laws.

A rule of interpretation now precedes the rules. This states that the York-Antwerp Rules, 1950, are to be considered as a complete code in themselves. It also gives effect to the "Makis" agreement by providing that the numbered rules take precedence over the lettered rules. It reads : "In the adjustment of General Average the following lettered and numbered rules shall apply to the exclusion of any law and practice inconsistent therewith. Except as provided by the numbered rules. General Average shall be adjusted according to the lettered rules."

You/Your : These words are used to refer to the named insured in many of the modernized/personalized policy forms.

Z

Zero Claim : Another term for NIL claim.

Zoo and Circus Animals and Birds Insurance : Insurance has to be on all animals and birds basis or none basis. Sum insured based on valuation done by curator and health certificate by veterinary doctor. The coverage is similar to Cattle / Poultry Insurance.

Zoo Insurance : A comprehensive Insurance Policy that protects the management of zoological gardens in which many kinds of animals are kept for exhibition against loss or death of animals due to accident, Fire, theft, act of God perils etc. Cover may also be extended to cover legal liability towards the visitors and/or third parties.

List of abbreviations

A

A&H, A&S	Accident and Health Insurance, Accident and Sickness Insurance.
A. & C.P.	Anchors and chains proved
A. & S.	Accident and Sickness Insurance
a.a	Always afloat after arrival
A.A.B.D .	Aid to the Aged, Blind and Disabled
A.A.I.	Alliance of American Insurers
A.A.I.S.	American Association of Insurance Services
A.B.	Aid to the Blind
A.B.I .	Automated Brokerage Interface
A.B.S.	American Bureau of Shipping
A.C.A.S.	Associate of the Casualty Actuarial Society
A.C.V.	Actual Cash Value, Air Cushion Vehicle (Hovercraft)
A.D.A.S	Advanced Driver Assist Systems Portal
A.D.J.	Addressed
A.D.J.	to be adjusted at
A.F.	advanced freight
A.G.W.I.	Atlantic/Gulf/West Indies
a.h.	After Hatch
A.H.F.	American Hull Form
A.I.A.	American Insurance Association, NY
A.I.C.I.L	Agricultural Insurance Company of India Ltd
A.I.M.A.	As interest may appear
A.I.M.U.	American Institute of marine Underwriters
A.L.C.M.	Associate in Loss Control Management
A.L.A.E.	Allocated Loss Adjustment Expenses
A.L.O.P.	Advance Loss of Profit
A.M.L.	Anti-Money Laundering
A.N.L	Aggregate Net Loss
a.o.a.	Any one accident
a.o.b.	Any one bottom
A.O.G.	Act of God
a.o.l.	Any one loss
a.o.s.	Any one shipment
A.O.V.	Any one vessel

A.P.	Additional premium
A.P.L.	As per list
A.R.	All Risks
A.R.I.A.	American Risk and Insurance Association
A.R.M.	Associate in risk Management
A.R.T.	Alternate Risk Transfer
A.S.	Amount subject
A.S.	Accounting Standards as issued by the ICAI
A.S.A.	Associate of the Society of actuaries
A.S.I.S.	American Society of Industrial Security, VA
A.S.O.	Administrative services only
A.S.S.E.	American Society of Safety Engineers
A.T.	American Terms (Marine Insurance).
a/c	Account
A/C	Account Current, Account of
A/R	Against all risks
A/S	After sight. Account sales. Alongside (Chartering term)
A/T	American terms (grain trade)
A/V	Ad valorem (according to value)
Ac.	Accident
Ad. val	Ad valorem (according to value)
Add.	Addressed
Agt	Agent, against
Amt.	Amount
Apprd or h/c	Approved or held covered at a premium to be agreed
At. wt	Atomic weight
Au	Automobile
Aux.	Auxiliary
Av	Average

B

B. & C.	Building & Contents
B. G.	Bonded goods
B.	Bag
B.A.A.	British Airports Authority
B.A.C.A.	Baltic Air Charter Association

B.B.	Bill book. Below bridges
B.C.	Banking Correspondent
B.C.	Burning cost
B.C.A.R.	Basic Capital Adequacy Relativity
B.C.P.	Business Continuing Planning
b.d.s.	Both days inclusive
B.F..P.	Board of Fire Underwriters of the Pacific
B.F.S.I.	Banking, Financial Services and Insurance
B.I.	Bale, Barrel
B.I.	Bodily injury
B.I.	Business Interruption
B.I.S.	Business Impact Analysis
B.K.	Bank, Backwardation, Book
b.m.	Board measure (Timber trade)
B.O.	Buyer's option. Branch Office
B.O.P.	Blow out preventer (used in drilling)
B.O.T.	Board of Trade
B.P.B.	Bank Port Bill
B.P.L.O.P.	Boiler Plant Loss of Profit Insurance
B.S.	Balance Sheet. Boiler Survey
B.S.t.	British Summer Time
b.t.	Berth terms (chartering term)
B.T.N.	Brussels Tariff Nomenclature Number
B.T.U.	Board of Trade Unit
B.Th.U.	British Thermal Unit
B.V,	Basis of Valuation, Bureau VERITAS (Classification Society
B/B	Break Bulk Cargo
B/D	Bank Draft, Bar draft (grain trade)
B/E	Bill of Exchange. Bill of entry
B/H	Bill of Health, Bordeaux/ Hamburg, Bulkhead.
B/L	Bill of Lading
B/L	Bill of Lading
B/P	Bills Payable
B/R	Bills, receivable. Builders' risk/Bordeaux or Rouen (grain trade)
B/s	Bags. Bales
B/S	Bill of Sale. Bill of store
B/St.	Bill of Sight
Bal.	Balance

Bar.	Barrel
Bd.	Bond
Bdls.	Bundles
Bds	Boards
bdx.	Bordereaux
Bg.	Bag
Bkt	Basket
Bls	Bales, Barrels
Bq.	Braque
Brl.	Barrel
Bt	Bought
Bu.	Burglary

C

C & F.	Cost & freight
C&D	Collected & delivered (rail traffic term)
C&F.	Cost and freight
C.	Casualty, Collection, Currency, Coupon
C.A.A.	Civil Aviation Authority
C.A.D.	Computer Aided Design
C.A.D.	Cash against documents
C.A.D.	Cash against documents
C.A.L.	Comprehensive Automobile Liability Insurance
C.A.M.	Computer Aided Manufacturing.
C.A.R.	Contractors' All Risks Insurance
C.A.S.	Casual Actuarial Society
C.B. & H or C.B.	Cash Book
C.C.	Continuation clause, Civil commotion. Collision clause, Cancellation Clause, Ceding Commission, Cubic Capacity.
C.C.C.	Care, Custody or Control
C.C.E.F.	Customer Centralized Examination Facility.
C.C.I.A.	Consumer Credit Insurance Association
C.C.I.S .	Comprehensive Crop Insurance Scheme (CCIS)
C.E.C.R.	Civil Engineering Completed Risks Insurance
C.E.S.	Customs Examination Station
C.F.R.	Cost and Freight

C.F.S.	Container Freight Station
c.f.u.	Coast for orders (chartering term) Channel for orders
C.G.A.	Cargo's proportion of general Average
c.g.f.rec.	Credit given for recovery
C.G.G.L.	Comprehensive General Liability Insurance
C.G.H.F.	Central Government Health Scheme
C.H.	Customon House
C.H.&H.	Continent between Havre and Hamburg
C.H.C.M.	Certified Hazard Control Manager
C.I.	Consular Invoice
C.I.A.	Cash in Advance
C.I.A.	Cotton Insurance Association
C.I.C.A.	Captive Insurance Companies Association, NY
c.i.f. & c.	Cost, Insurance freight and commission
c.i.f. & e.	Cost, Insurance freight and exchange
c.i.f. & i.	cost, Insurance freight and interest
c.i.f. Lt.	Cost Insurance and freight - London terms.
c.i.f.	Cost, Insurance and freight
C.I.I.	Chartered Insurance Institute, London
C.I.M.	International Convention on Carriage of Goods by Rail
C.I.P.	CARRIAGE AND INSURANCE PAID TO
C.I.P.	Freight, Carriage& Insurance paid to
C.I.T.E.S.	Committee on International Trade of Endangered Species.
C.L.L.	Carriers Legal Liability
C.M.R.	International Convention on Carriage of Goods by Road
C.N.S.	Cargo Network Services, an IATA Company
C.O.B.	Coordination of Benefits
C.O.C.O.M.	Coordinating Committee for Expert Controls
C.O.D.	Cash on Delivery
C.O.I.L.	Conference of Insurance Legislators, USA
C.O.W.	Control of Well, Crude Oil Washing
C.P.A.	Claims payable abroad
C.P.A.A.	Cancer Patients Aid Association
C.P.C.U.	Chartered Property & Casualty Underwriter
C.P.C.U.	Chartered Property and Casualty Underwriter
C.P.D.	Charterer's pay dues (chartering term)
C.P.I.	Comprehensive Project Insurance

C.P.M.	Contractors Plant and Machinery
C.P.P.A.	Certified Professional Public Adjuster
C.P.T.	CARRIAGE PAID TO
C.R.	Current rate. Carrier's risk
C.R.O.	Cancelling Returns only
C.R.R.I.	Central Road Research Institute
C.S.	Colliery Screened (Coal Trade) Cotton seed.
C.S.I.R.	Council of Scientific and Industrial Research
C.S.I.R.	Council of Scientific and Industrial Research, India
C.S.L.	Combined single limit
C.S.N.	Contingent Surplus Notes
C.S.P.	Certified Safety Professional
C.S.P.	Certified Safety Professional
C.S.R.	Corporate Social Responsibility
C.T.	Combined transport
C.T.C.	Corn Trade Clauses
C.T.L.	Constructive Total Loss
C.T.L.O.	Constructive Total Loss Only
C.T.O.	Combined Transport Operator
c.v	Chief value
C.W.	Commercial weight
C.W.	Contract Works (Engineering)
C.W.O.	Cash with Order
C.W.O.	Cash with order
C.Y.	Container Yard
C.Y.	Container Yard
C/-	Case
C/A	Capital Account. Commercial Agent
C/D	Consular Declaration Commercial dock
c/f	Carried forward. Cubic feet
C/l	Craft loss
C/N	Credit Note, Consignment note, Cover note
C/O	Cash order, Certificate of origin.
C/P	Charter party. Custom of port (grain trade)
C/S	Cases
Capt.	Caption

Cat.	Catalogue
Cert.	Certificate
Cge	Carriage
Ch. Fwd	Charges forward
Ch. ppd.	Charges prepaid
Chq.	Cheque
Ck	Cask
cld	Cleared (through custom)
Com.	Commission
cons	Conveyances
Consgt	Consignment
Cont. B/H.	Continent between Bordeaux and amburg.
Cont.	Continent (of Europe)
Cr.	Credit. Creditor.
Csk	Cask
CSN	Contingent Surplus Notes
Ctgo	Cartago
Cts	Crates

D

D.	Delivery, Delivered
D.&O.	Directors' & Officer's Liability Insurance
D.A.C.	Deferred Acquisition Costs
D.A.C.	Deferred Acquisition Costs
D.A.P .	DELIVERED AT PLACE
D.A.T.	Dangerous articles tariff.
D.A.T.	DELIVERED AT TERMINAL
D.B.	Day Book. Deals and battens (timber trade)
D.B.B.	Deals, battens and boards (timber trade)
D.B.L.	Disability Benefit Law
D.C.A.	Departmental of Civil Aviation
D.C.A.	Department of Civil Aviation
D.C.O.P.	During Currency of Policy
D.D. & Shpg	Dock dues and shipping
D.D.	Damage done
D.D.D.	Dishonesty, disappearance & destruction Insurance
D.D.P.	Delivery Duty paid

D.D.U.	Delivered Duty Unpaid
D.D.U.	Delivered Duty Unpaid
D.E.Q.	Delivered Ex-Quay/Duty Paid.
D.F.	Dead freight
D.G.R.	Dangerous Goods Requirement
D.I.C.	Difference in conditions
D.I.T.C.	Disability Insurance Training Council
D.l.c.	Dispatch Loading only (chartering)
D.N.O.	Debit note only (no Policy issued)
D.N.R.	Do not renew
D.O.	Divisional office
D.O.C.	Drive other car coverage
D.O.S.	Deterioration of Stock
D.O.T.	Department of Transportation
d.p.	Direct port
d.p.r.	Daily pro-rata
D.R.	Daily Report
D.R.C.	Damage received in collision
D.R.G.	Diagnosis-Related-Group)
D.S.T.	Double Stack Train Service
D.S.U.	Delay in Start up Insurance
D.S.U.	Delay in Start-up (Engineering ALOP)
D.U.I.	Driving under Intoxication
D.W.C.	Dead Weight Cargo
D/A.	Deposit account, Deposit Administration, Days after acceptance. Documents against acceptance. Discharge afloat (Chartering term)
D/c	Deviation clause
D/d	Days after date. Day's date
D/D	Demand Draft. Delivered at docks. Dock dues
D/N	Debit Note
D/O	Delivery order
D/P	Documents against payment
D/s	Days after sight
D/V	Dual Valuation
D/w	Deadweight
D/w	Dock Warrant
D/w/c	Deadweight capacity

Dbk.	Drawback
Dd	Delivered
dd/s	Delivered sound (grain trade)
Deb	Debenture
Dec.	Decrease
Def.	Deferred
Deg	Degree
Deld	Delivered
dft.	Draft
Diam.	Diameter
Dis.	discount, Disbursements
Disbts	Disbursements
Div	Dividend. Division
Dk.	Dock, Deck
Dols.	Dollars
Doz.	Dozen
Dr.	Debit. Debtor. Drawer
Dy.	Deliver

E

E & O	Errors & Omissions
e. & e. l.	Each and every loss
e. & e.a.	Each and every accident
E. & O. E.	Errors & Omissions are excepted
E.A.O.N.	Except as otherwise noted.
E.A.R.	Erection All Risks Insurance
E.C.E.	Extended cover endorsement
E.C.G.B.	East Coast of Great Britain
E.C.U.	European Currency Unit
E.D.P.	Electronic Data Processing
E.E.	Errors excepted
E.E.I.	Electronic Equipment Insurance
E.E.L.	Emergency exposure limit.
e.g.	Edusdem generis (of a like kind) exempli gratia (for example)
E.M.L.	Estimated maximum Loss.
e.o.h.p.	Except otherwise herein provided
E.P.	Earned premium
E.P.I.	Earned premium income

E.P.M.L.	Estimated Probable (or Possible) Maximum Loss
E.r.V.	Each round voyage
E.S.D.	Echo Sounding device
Ea.	Each
EAR	Erection All Risks
Entd.	Entered
EPF	Employees Provident Fund
ERM	Enterprise Risk Management
Ex.	Excluding (chartering term). Out of Without. Examined. Exchange. Executed
Exch.	Exchange
Exd	Examined
EXQ	Ex quay
EXS	Ex ship
Exs	Excess
EXW	Ex works

F

F & D	Freight and demurrage
F & U	File and Use
f.a.	Free alongside
F.a.a.	Free alongside ship. First and seconds (American lumber)
f.a.a.	Free of all average
f.a.c.	Fast as can (Steamer to be loaded or discharged as fast as she is able to receive or deliver the cargo).
f.a.q.	Fair average quality.
F.A.S.	Free alongside ship.
F.B.I.	Federation of British Industries
F.C. & S.	Free of capture and seizure
F.C.& S. Bulletins	Fire, Casualty and Surety Bulletins.
f.c.&s.	Free of capture and seizure
F.C.A.	FREE CARRIER
F.C.A.S.	Fellow of the Actuarial Society
F.C.I.I.	Fellow of the Chartered Insurance Institute
F.C.L.	Full Container Load, full car load
F.C.P.	Free Carrier Point

F.C.R.	Financial Condition Report
F.C.S.R.C.C.	Free of capture, seizure, riots and civil commotions
f.c.s.r.c.c.	Free of capture, seizure, riots and civil commotions.
f.d.	Free docks. Free discharge. Free delivery. Free despatch
F.E.U.	Forty foot equivalent
f.f.a.	Free from alongside. Free foreign Agency
F.G.A.	Foreign General Average
F.g.f.	Fully good, fair
F.G.U.	From The Ground Up
f.h.	Fore hatch
F.I.A.T.A.	International Federation of Freight Forwarders Associations
F.I.B.	Free in bunkers, free into barge
f.i.b.	Free into bunkers (coal trade). Free intto barge
f.i.e.	Full interest admitted
F.I.F.O.	First In First Out
F.I.I.S.	Farm Income Insurance Scheme
F.I.O.	Free In and Out
f.i.p.	Free in and out (chartering)
F.I.P.B.	Foreign Investments Promotion Board, India
f.i.w.	Free in wagon
F.L.O.P.	Fire Loss of Profit Insurance
F.M.C.	Federal maritime Commission (US Federal Authority governing sea transport)
F.O.	Federal official
f.o.	For orders. Firm offer. Full out terms (grain trade)
F.O.	Free Out
f.o.b.	Free on Board
F.O.C.	Fire Offices' Committee
f.o.c.	Free on car, Free of charge
F.O.D. Abs.	Free of damage absolutely
F.O.D.	Free on damage
f.o.r.	Free on rail
f.o.s.	Free on steamer
F.O.W.	First opening water (chartering term)
f.o.w.	Free on wagon
F.P.	Floating or open Policy. Full paid
F.P.A. Abs.	Free of Particular Average absolutely

F.P.A.	Free of particular Average
F.P.A.A.C.	Free of Particular Average American conditions
F.P.A.E.C.	Free of Particular Average - English conditions
F.P.I.L.	Full premium if lost
F.R.C.	Free of reported casualty
F.R.O.	Fire risk only

F.S.A., UK	Financial Services Authority, UK
F.W.D.	Fresh water damage
F/R	Freight release
Fir.	Firkin
Frt.	Freight
Frt. fwd	Freight forward
Frt. ppd	Freight prepaid
Ft.	Foot. Feet
Fth.	Fathom
Fur	Furlong
Fwd	Forward

G

G.A.A.P.	Generally Accepted Accounting Principles
G.A.B.	General Adjustment Bureau
G.A.D.	General average deposit
G.A.L.	General Average Loss
G.A.T.T.	General Agreement on Tariffs and Trade
g.b.o.	Goods in bad order
G.C.A.	Gold Clause Agreement
G.C.R.	General Cargo Rate.
G.D.P.	Gross Domestic Product
G.D.P.I.	Gross Direct Premium Income
G.F.	Government form (chartering term)
g.f.a.	Good, fair, average
G.I.C.	General Insurance Corporation of India

G.I.P.S.A.	General Insurance Public Sector Association
G.J.P.A.	Gramin Janta Personal Accident Insurance
g.m.b	Good merchantable brand
g.m.q.	Good merchantable quality
G.M.T.	Greenwich mean time
G.N.P.I.	Gross net premium Income
G.N.E.P.I.	Gross Net Earned Premium Income
G.N.W.P.I.	Gross Net Written Premium Income
G.o.b.	good ordinary brand
G.P.I.	Gross Premium Income
G.R. Wt. / G.W.	Gross Weight
G.R.T.	Gross registered Tonnage
G.S.A.	General Sales Agent
g.s.m.	Good sound merchantable
G/A con.	General Average contribution
G/A	General Average
Gall	Gallon
GIBNA	General Insurance Business Nationalization Act
GIPSA	General Insurance Public Sector Association
Govt.	Government
Gr.	Grain. Gross
Gr. t.	Gross tons
Gr. Wt.	Gross weight
GRA	Grievance Redressal Authority
Guar.	Guaranteed
GVW	Gross Vehicle Weight
Gyc.	Vessel fitted with gyrocompass

H

H & M	Hull and machinery
H.A. or D	Havre, Antwerp, or Dunkirk
H.C.	Honor contracts
H.G.V.	Heavy Goods Vehicle GVW above 2,000 kg
H.H.	Havre to Hamburg
H.H.G.	House-hold goods
H.I.	Health Insurance

H.I.A.A.	Health Insurance Association of America
H.L.V.	Human Life Value
H.N.I.	High Net worth Individuals
H.O.	Head Office
H.P.	Horse power
H.P.N.	horse power nominal
H.P.R.	Highly Protected Risk
H.P.R.	Highly Protected Risk
H.P.V.	Heavy Passenger Vehicle
H.R.B.	Highway Research Board of India
H.W.	High water
H.W.D.	Heavy weather damage
H.W.M.	High water mark
H/C	Held covered at a premium to be agreed
HCCI	Homogeneous Charge Compression Ignition, Motor
Hhd.	Hogshead
How.O.S.T.	High water ordinary spring tides

I

I & B	Improvements & Betterments
i./o.	in& /or over
I.A.I.	Institute of Actuaries of India
I.A.I.S.	International Association of Insurance Supervisors
I.A.S.A.	Insurance Accounting statistical Association
I.A.S.S.	Insurance Accounting & Statistical Society
I.A.T.A.	International Air Transport Association
I.B.	Invoice book. In bond
I.B.C.	Institute Builders Risk Clause
I.B.N.R.	Incurred but not reported
I.C. & C.	Invoice cost and charge
I.C.A.	International Claims Association
I.C.A.O.	International Civil Aviation Organization
I.C.C.	International Chamber of Commerce
I.C.C.	Institute Cargo Clauses
I.C.C.	Interstate Commerce Commission
I.C.R.	Incurred Claims Ratio

I.C.T.F.	Intermodal Container Transfer Facility
i.e.	Id est (that is)
i.f.	In full
I.F.B.I.	Institute of Finance, Banking and Insurance
I.F.R.I.M.A.	International Federation of Risk & Insurance Management Association.
I.F.V.C.	Institute Fishing vessels Clause
I.G.I.E.	Institute for Global Insurance Education
I.G.S.	Inert Gas Systems
I.H.P.	Indicated Horse power
I.I.A.	Insurance Institute of America
I.I.A.A.	Independent Insurance Agents of America
I.I.B.I.	Insurance Information Bureau of India
I.I.I.	Insurance Information Institute, NY
I.I.I.	Insurance institute of India, Mumbai
I.I.I.S.L.A.	Institute of Insurance Surveyors and Loss Assessors
I.I.S.	International Insurance Seminars, Inc.
I.L.	Issue of License
I.L.U.	Institute of London Underwriters
I.M.	Inland marine
I.M.O.	International maritime Organization
I.N.R.	Incurred but Not Reported claims
i.o.p.	Irrespective of percentage
I.O.U.	I owe you
I.P.C.	Indian Panel Code
I.R.C.	Indian Road Congress
I.R.C.	Indian Roads Congress
i.r.o.	In respect of
I.R.S.	Indian Register of Shipping
I.S.O.	International Standards Organization, Insurance Services office, NY
I.S.U.	International Salvage Association
I.T.C.	Institute Time Clauses
I.U.A.	The International Underwriting Association of London
i.v.	Insured value. Invoice value Increased value.
I.V.C.	Institute voyage clauses
I.W.	Institute warranties
ICPs	Insurance Core Principles (drafted by International Association of Insurance Supervisors).
id.	Idem (the same)

IDV	Insured's Declared Value (Sum Insured), Motor Insurance.
IIB	Insurance Information Bureau of India
In & /or	On deck and /or under deck
In Trans	In transit (in transit)
ince.	Insurance
INCOTERMS	International Commercial Terms
Inst. Warrs	Institute Warranties
Inst.	Instant
Int.	Interest
Inv.	Invoice
IRDAA	Insurance Regulatory and Development Authority Act
IRDAI	Insurance Regulatory and Development Authority of India
IRDAI	Insurance Regulatory and Development Authority of India

J

J. & l.o.	Jettison and loss overboard
J. & w.o.	Jettison and washing overboard
J.H.U.	Joint Hull understandings.
J.I.T.	Just-in-Time
J.P.A.	Janta Personal accident
J.U.A.	Joint Underwriting association
J.W.C.	Joint War Committee
J/A	Joint Account

K

K.D.	Knocked down (pacing term-dismantled)
K.D.C.L.	Knocked down in carload lots
K.D.L.C.L.	Knocked down in less than carload lots
K.L.D.	Key Industry Duty
Kg.	Kilogramme
Kild.	Kilderkin
Kile	Kilogramme

KO	Keep off
KYC	Know Your Customer

L

IAT	Insurance Appellate Tribunal
L. & D.	Loss and Damage
L.A.T.	Line Seed Association Terms
L.B.C.	Loaded burning cost
L.C.L.	Less than container load
L.C.T.A.	London Corn Trade Association
L.C.T.F.	Lloyd's Canadian Trust Fund
L.C.V.	Light Commercial Vehicle
L.H.A.R.	London, Hull, Antwerp or Rotterdam
L.I.C.	Life Insurance Corporation of India
L.I.I.B.A.	London & International Insurance Brokers' Association
L.I.R.M.A.	The London Insurance and Reinsurance Market Association
L.M.C.	Lloyd's machinery certificate
L.m.c.	Low middling clause (cotton trade)
L.M.G.	London Market Group
L.M.X.	London market Excess of Loss
L.N.G.	Liquid natural gas
L.N.Y.D.	Liability not yet determined
L.O.H.	Loss of hire
L.O.H.	Loss of Hire
L.O.P.	Loss of Profit
L.P.G.	Liquid Petroleum Gas
L.P.R.T.	Leading Producers Round Table
L.P.S.O.	Lloyd's Policy Signing Office
L.Q.T.	Liverpool Quay Terms
L.R.	Lloyd's Register
L.R.M.C.	Lloyd's refrigerating machinery certificate
L.S.	Lump sum
L.s.	Locus sigilli (place of seal)
L.S.	Locus sigilli (place of seal)
L.S.A.	Lloyd's Salvage Association

L.S.D.B.S.	London Standard Drilling Barge Form
L.U.A.M.C.	Leading underwriter Agreement for Marine Hull
L.U.C.R.O.	Lloyd's Underwriters Claims and Recovery Office
L.W.	Low water
L.W.O.S.T.	Low water. ordinary spring tides
L/A	letter of Authority. Lending Account. Lloyd's Agent.
L/C	Letter of Credit
L/I.	Letter of Indemnity
L/U	Laid up
lat.	Latitude
lb.	Pound
Ldg. and Del.	Loading and delivery
Ldg.	Loading
lds.	Loads
LIFO	Last In First Out
Lkg. & Bkb.	Leakage & Breakage
Lkg.	Leakage
LMV	Light Motor Vehicle upto GVW 7,500 kg
Long.	Longitude

M

M & C	Manufacturers and Contractors Liability Insurance
M & D	Minimum and deposit premium
M.	Meter, Mile, Minute, marine
M.B.D.	Machinery Breakdown
M.C.E.	Marine Cum Erection
M.D.	Malicious Damage
M.D.H.D.	Mersey Docks and Harbor Board
M.D.O.	Monthly Debit Ordinary
M.D.R.T.	Million Dollar Round Table
M.F.I.	Micro Finance Institutions
M.F.L	Maximum foreseeable loss
M.H.	Main hatch
M.H.W.S.	Mean High Water springs
M.I.A.	marine Insurance Act

M.I.P.	Marine Insurance Policy
ML/MY's	Multi Line Malty Year's Policy
M.L.O.P.	Machinery Loss of Profit
M.L.O.P.	Machinery Loss of Profit Insurance
M.L.W.S.	mean Low water springs
M.M.	Merchandise Marks Act.
M.M.A.	Merchandise marks Act.
M.N.A.I.S.	Modified National Agricultural Insurance Scheme (mNAIS)
M.O.	Mark off Manufacturer's output
M.O.H.	medical Officer of Health
M.P.L.	maximum probable Loss
M.P.T.	Modern Portfolio Theory
M.R.	Mate's receipt
M.S.	Motor ship. Machinery survey
M.S.A.	Merchant shipping Act.
M.S.C.	Manchester Ship Canal
M.T.	Mean time
M.T.L.	mean tidal level
M.V.	Motor vessel
M.V.Act	Motor Vehicle Act
M/A	may account
M/C	Metalling clause, Machinery, Machinery Certificate
M/cy	Machinery
M/D	memorandum of deposit
M/d	Months after date
m/m	made merchantable
M/S	Months after sight
M/T :	Metric Ton (2204 lbs.)
Max.	Maximum
MCE	Machinery cum Erection Policy
Mdise.	Merchandise
Memo.	Memorandum
Min. B/L	Minimum bill of lading
Min. Wt.	Minimum weight
Min.	Minimum
ML/MY's	Multi Line Multi Year's
mst.	Measurement
Mt. :	Empty

mt.	Empty
MVW	Vehicle with GVW 7,500 KG to 12,000 KG

N

N.A.	North America. Net absolutely
n.a.a.	Not always afloat (chartering)
N.A.I.A.	National Association of Insurance Agents
N.A.R.	net absolute rate
N.C.A.D.	Notice of cancellation at anniversary date (used on "always open" contracts)
N.C.V.	No commercial value
N.D.	no discount. Non-delivery
N.E.	No effects
n.e.	Not exceeding
N.E.L.I.A.	Nuclear Energy Liability Insurance Association
n.e.m. :	Not elsewhere mentioned (English)
N.H.P.	Nominal horse-power
N.K.K.	Nippon Kaiji Kyokai (Classification Society)
N.O.C.	Not otherwise classified.
N.O.E.	Not otherwise enumerated.
N.O.H.P.	Not otherwise herein provided.
N.O.I.	Not more specifically described.
N.O.I.B.N.	Not otherwise indicated by number. Not otherwise indicated by name.
n.o.p.	Not otherwise provided
N.P.	Notary Public
N.P.I.	Net premium income
N.R.	Not register. No risk
n.r.a.d.	No risk after discharge
n.r.a.l.	No risk after landing
n.r.t.w.b.	no risk until waterborne
n.s.p.f.	Not specially provided for
N.U.R.	Not under repair
N.V.	Norsko Veritas Classification Society)
N.V.I.C.C.	Non-Vessel Operation Common Carrier

N/a	No advice. No account
N/C	New Charter. New crop
N/E	Note entered
N/f	No funds
N/m	No Mark
N/N	Not north of
N/P	net proceeds
n/s	Not sufficient (banking)
N/t	New terms (grain trade)
NAIS	National Agricultural Insurance Scheme
Net	Net (lowest)
NGO	Non-Governmental Organization
NHAI	National Highways Authority of India
Nos.	Numbers
Nt. Wt.	Net weight

O

O.& R.	Ocean and Rail
o.a.	Over all
O.B.O.	Ore/Bulk/ Oil Carrier
O.D.	Own Damage
O.G.P.I.	Original Gross Premium Income
O.G.R.	Original net rate
O.L.&T.	Owners, Landlords and Tenants Liability Insurance
O.N.R.	Original net rate
O.O.	Order of
O.P.	Open Policy
O.R.	Owner’s risk
O.R.	Owner's risk/Original Rate
O.r.b.	Owners risk or breakage
O.R.Det.	Owner’s risk of deterioration
O.R.F.	Owner’s risk of fire or freezing
O.R.L. :	Owner’s risk of leakage

O.R.W. :	Owner's risk of becoming wet.
O.S.& D. :	Over, Short and Damage
o/a	On account of
o/b	On or before
O/C	Open charter, Old charges, Old crop. Open Cover or off cover
o/c	Overcharge
O/D	On deck
o/d	On demand
O/N :	Order notify, own name
O/S	On sample. Out of stock. On sale or return. Off slip/Open slip
O/T	Old terms (grain trade). On truck
Oc. B/L	Ocean Bill of lading
Oz	Ounce

P

P & I	Protection and Indemnity
P&I	Protection and Indemnity
P&L	Profit and loss
P.	Vessel holds a passenger certificate issued by the Government of the country where she is registered
p.a.	Per annum
P.A.Y.D.	Pay as you Drive (motor)
P.B.	Permanent bunkers
P.C.	profit Commission
P.C.I.S.	Pilot Crop Insurance Scheme
P.c.r.c.a.	Pickled cold rolled and close annealed.
P.D.	Physical Damage
P.D.	Port dues/Property Damage
P.I.	Personal injury
P.I.A.	Peril insured against
P.L.	Profit and loss
P.L.A.	Port of London Authority
P.M.L.	Probable maximum Loss, Possible Maximum Loss

P.M.L.A.	Prevention of Money Laundering Act
p.o.	Part of
P.O.C.	Port of Call
P.O.D.	Pay on delivery
P.O.R.	Port of Refuge
p.p.	Picked Ports (chartering). Per Procuration (on behalf of)/Parcel post
p.p.i.	Policy proof of interest
P.R.	parcel receipt
P.R.	Pro-rata
P.T.	Parcel Ticket
P/A	Particular Average. Power of Attorney. private Account
P/C	Price Current. Petty cash, per cent, Particular charges
P/L	Partial Loss
P/N	Promissory Note
P/S	Public Sale
Par	Participating.
Pc	prices
pcl.	Parcel
Pd.	Passed. Paid
Pk.	Peck
Pkge.	Package
pm	Premium
ppd.	Prepaid
Pt.	Pint
Ptg. stg.	Petrograd standard (Timber Trade)

Q

q.v.	Quod vide (which see)
Qlty	Quality
Qn.	Quotation
Qrs.	Quarters
Qts	Quarts

R

R & C.C	Riots and civil commotions
R. & C.	Rail and Canal
R.A.T.	Rape-Seed Association Terms
R.B.I.	Reserve Bank of India
r.d.	Running days
R.D.C.	Running down clause
R.H.A.	Road, Haulage Association
R.I.	Registro Italiano
R.I.M.S.	Risk and Insurance Management Society, Inc.
R.K.B.Y.	Rashtriya Krishi Bima Yojana
r.l.n.	Running Landing numbers
r.o.b.	Remaining on board
R.O.W.	Removal of wreck
R.P.	Return premium
R.P.O.	Recovery Point Objectives
R.T.	Rhy terms (grain trade)
r.t.b.a.	Rate to be arranged
R.T.O.	Recovery Time Objectives
R/A	Refer to acceptor
R/C	Reconsigned
R/D	Refer to drawer
R/I	Reinsurance
Ro/Ro	Roll on/ Roll off carrier
RRBs	Regional Rural Banks
RTA	Regional Transport Authority
RTO	Regional Transport Office

S

S & P	Seepage& pollution
S	Salvage
S&S.	Station to Station (rail term)
S. & F.A.	Shipping and Forwarding Agent
S.A.	South America
s.a.n.f.	Subject to approval no risk.

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S.A.N.R.	Subject to approval no risk
S.B.	Short Bill
S.B.T.	Segregated ballast tanks
S.C.	Salvage charges
S.C.E.	Storage cum Erection
S.C.E.	Storage cum Erection
S.C.R.	Specified Commodity Rate
S.D.	Sea damaged. Small damage
S.d.	Short delivery
S.D.R.	Special drawing rights
S.G. Policy	Ship and Goods Policy Form
S.G.	Specific gravity
S.H.Gs	Self Health Groups
S.I.	Short Interest
S.I.T.	Stopped in Transit
S.I.T.C.	Standard International Trade Classification
S.L. & C.	Shipper's Load and Count
S.L. & T.	Shipper's Load and Tally
S.l.	Salvage loss
S.O.	Seller's option
S.O.L.	Ship owner's liability
s.p.d.	Steamer pays dues (chartering)
S.P.V.	Special Purpose Vehicle
S.R.	Shipping Receipt
S.R. & C.C.	Strikes, riots and civil commotions
S.R.L.	Ship repairer's liability
S.S.O.	Struck submerged object
S.Tn.	Short Ton
s.v.	Sailing vessel
S.W.	Shipper's weights
S.W.G.	Standard Wire Gauge
s/a	Subject to approval. Safe arrival
S/L.C.	Sue and Labour clause
S/N	Shipping Note
S/o	Shipowner
Sch	Schooner
Sgd.	Signed

Shipt.	Shipment
Sk.	Sack
Spl.	Special
SS	Steamship, steam powered ship (Steam driven turbines)
Std.	Standard (timber trade)
STOP	Sales Turnover Policy (Marine Cargo)
Str.	Steamer
Strg.	Steering
SWIFT	Single Window International Facultative and Treaty

T

T. & C.T.L.	Total and/or constructive total loss and/or arranged total loss.
T. & G.	Tongued and grooved (timber trade)
T.	Tons. Tare
T.B.a.	To be advised
T.B.L.	Through Bill of Lading
T.C.A.T.L.v.O.	Total and/or constructive and/or arranged total loss of vessel only
T.C.H.	Time charter hire
t.d.	Trial balance
T.E.	Trade expenses
T.E.U.	Twenty foot equivalent unit (size of container)
T.I.B.	Temporary Import Entry
T.L.o. Excs.	Total Loss Only and Excess G.A. Salvage Charges and Running Down Clause.
T.L.	Truck Load
T.L.O.	Total Loss only
T.L.V.	Threshold Limit Value
T.L.V.	Toxic Substance Limit Value
T.P. & N.D.	Theft, pilferage and non-delivery
T.P.A.	Third Party Administrator
T.P.L.	Third party liability
T.Q.	Tale quale as found-grain trade)
T.T.	Telegraphic transfer
T/A	Transatlantic
T/L	Total loss

Tcs	Tierces, Thirds
Thro' B/L	Through Bill of Lading
TOVALOP	Tankers Owners' Voluntary Agreement Concerning Liability for Oil Pollution
TRAI	Telecom Regulatory Authority of India

U

U.B.C.	Uniform Building Code
U.B.I.	Usage Based Insurance
u.c.b.	Unless caused by
U.C.R.	Usual, Customary and Reasonable
U.H.I.S.	Universal Health Insurance Scheme
U.K.	United Kingdom
U.K./cont.	United Kingdom or Continent
U.K./Cont.(G.H.)	United Kingdom or Continent (Bordeaux-Hamburg range)
U.K.C.f.o.	United Kingdom or continent for order
U.L.A.E.	Unallocated Loss Adjustment Expenses
U.L.C.C.	Ultra Large Crude Carrier
U.N.C.T.A.D.	United Nations Conference on Trade and Development
U.N.L.	Ultimate Net Loss
u.p.	Under proof.
U.P.S.	Underwriter pays stamp.
U.T.	Unlimited transshipment
U/A	Underwriting account.
u/c	Under construction
u/d	Under deck

U/R	Under repair
U/W.	Underwriter
UKACC	United Kingdom Air Cargo Club
ULD	Unit Load Device. Pallet or Container for freight.
Un. C. I. T. R. A. L.	United Nations Commission on International Trade & Law

V

V.C.	Valuation clause
V.L.C.C.	Very Large Crude Carrier
v.o.p.	Value as in original Policy
V2V	Vehicle to Vehicle Automobile Technology
vd.	Valued

W

W.A.	With Average
W. & I.	Weighing and Inspection
W.B.	Water ballast, Warehouse Book, Way Bill
W.B.S.	With Benefit of Salvage
w.b.s.	Without benefit of salvage
W.C. Act	Workmen's Compensation Act
W.C.S.A.	West Coast of South America
W.D.F.	Wireless Direction Finder
W.G.	Wire gauge
W.G.	Weight Guaranteed
W.N.A.	Winter North Atlantic
w.o.b.	Washed overboard
W.O.L.	Wharf owners' liability
W.P.	Without Prejudice. Weather permitting
W.P.A.	With particular average.
W.R.	Warehouse receipts
W.R.A.	War Risk Areas
W.R.O.	War risk only

W.W.	World-wide
W/d or Wtd.	Warranted
W/M	Wight and/or Measurement
W/W	Warehouse Warrant, Warehouse to Warehouse
Wt.	Weight
Wtd.	Warranted

X

X.C.L.	Excess Current Liabilities
X.C.U.	Explosion, Collapse and Underground Exclusion
X.P.	Fire resistive protected (classification).
X.U.	Fire resistive unprotected (classification).
X-Bracing	Cross bracing in a partition to provide rigidity.
XC.L.	Excess current liabilities
X-Heavy	Extra Heavy
X-Member	Cross Member
Xs loss:	Excess of loss
XS	Excess of Loss
X-Strong	Extra Strong
XX-Heavy	Double Extra Heavy
XX-Strong	Double Extra Strong

Y

Y.A.R.	York-Antwerp Rules